

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 13
Governance Statement	14 - 17
Statement on Regularity, Propriety and Compliance	18
Statement of Trustees' Responsibilities	19
Independent Auditors' Report on the Financial Statements	20 - 22
Independent Reporting Accountant's Assurance Report on Regularity	23 - 24
Statement of Financial Activities Incorporating Income and Expenditure Account	25
Balance Sheet	26
Statement of Cash Flows	27
Notes to the Financial Statements	28 - 56

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members	Mr J Ellison Mr P Little Ms S Simon
Trustees	Mr M Agius, Chair of Trustees ¹ Mr D Ashton, Chief Executive Officer ^{1,2,3,4} Mr A Gunn ^{1,2,3} Ms S Inghish, Vice Chair of Trustees ^{1,2} Sir S Lancashire ^{2,4} Mr M Papworth ² Ms A Stevens ^{3,4} Dr C Gentle ^{1,3} Mr P King (resigned 27 November 2017) ¹ Lady P Marland ³ Ms B Lacey ^{1,4} Mr A Newton ⁴ Ms G Beaver (appointed 27 November 2017) ² ¹ Finance ² Risk & Audit ³ HR ⁴ Education
Company registered number	10151730
Company name	Reach South Academy Trust
Principal and registered office	C/O UTC Plymouth Park Avenue Devonport Plymouth Devon PL1 4RL
Chief executive officer	Mr D Ashton
Senior management team	Mr D Ashton, Chief Executive Officer Ms M Wilkins, Director of Finance Ms O Frings, Director of HR Ms S Findlay-Cobb, Director of Primary Education Mr I Carnwell, Director of Learning Environment
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Solicitors	Veale Wasborough Vizards LLP Narrow Quay House Narrow Quay Bristol BS1 4QA
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**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Academy Trust operates 8 primary academies in Plymouth, 2 primary academies in Bournemouth and a special academy in Calne, Wiltshire. Its academies have a combined pupil capacity of 3,912 and had a roll of 3,519 in the school census on 5 October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Reach South Academy Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee number	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£ -
Total pay bill	£13,660,951
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Trustees' Indemnities

All academies within the Trust have opted into the academies risk protection arrangement (RPA) <https://www.gov.uk/government/publications/risk-protection-arrangement-rpa-for-academies/academies-risk-protection-arrangement-rpa>

RPA cover applies to the central infrastructure of the MAT as well as the individual academies. The RPA provides indemnity for Trustees/Governors to a maximum aggregated value of £10 million during any one membership year.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- The number of Trustees shall be not less than three and the maximum number shall be 12.
- Up to eight Trustees who are appointed by members.
- Co-opted Trustees appointed by the Board.
- The CEO appointed by members, providing the CEO agrees to act which was the case for the accounting period.

Parental representation in the governance structure is through election to the relevant Local Governing Body.

Trustees are appointed for a four-year period, except that this time limit does not apply to the Chief Executive. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected. When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy Trust's development.

The Board has established a nominations committee to consider the candidature of potential new Trustees prior to recommendation for full Board consideration.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience. During 2017/18 Trustees received briefing sessions on: Academies Financial Handbook and Governance; Risk Management and Governance.

Organisational Structure

The Trust has adopted a scheme of delegation of governance set out at <http://www.reachsouth.org/governance/gov>.

During the period of this report the Board of Trustees also acted as a Regional Board. The first separate Regional Board will be established in 2018/19 subject to organisational growth targets being met.

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are six committees as follows;

- **Finance Committee** - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management.
- **Risk and Audit Committee** - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing compliance with reporting and regulatory requirements. The committee also receives reports from internal and external auditors, and provides overview and scrutiny of management

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

response to audit findings.

- **Education Performance and Standards Committee** - this meets at least three times a year to monitor, evaluate and review Academy Trust policy, practice and performance in relation to education performance, target setting and assessment, examinations and all pastoral issues.
- **Human Resources Committee** - this meets at least three times a year to monitor, evaluate and review policy and regulatory compliance in relation to all matters relating to staffing.
- **Trustee Nominations Committee** – considers the person specification for recruiting new Trustees and candidate eligibility prior to recommendation to full Board for consideration.
- **Remuneration Committee** – considers salary and performance of the CEO and Executive staff.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the CEO and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy Trust to the Chief Executive Officer (CEO) and Executive Team through the 'Terms of Reference for Delegation to the Executive'. <http://www.reachsouth.org/gov/Delegation-to-the-Executive.pdf>

The Executive Team comprises the CEO, Director of Primary Education, Director of Finance, Director of HR, and Director of Learning Environment. The Executive Team implement the policies laid down by the Trustees and report back to them on performance.

The Academy Trust has a leadership structure, which consists of the Trustees, The Executive Team and Academy Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Academy Trust comprises 10 primary academies – High Street Primary Academy, Goosewell Primary Academy, Morice Town Primary Academy, Marlborough Primary Academy, Drake Primary Academy, Pilgrim Primary Academy, Stuart Road Primary Academy, Stoke Damerel Primary Academy, Hill View Primary Academy and Malmesbury Park Primary Academy, and one special academy – Springfields Academy. Each academy has its own Local Governing Body responsible for day to day overview and scrutiny of the school's budget.

The Chief Executive Officer is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the Chief Executive Officer comprise the key management personnel of the Academy Trust in charge of directing and controlling, running and operating the Trust on a day-to-day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The Trustees have established a Remuneration Committee for reviewing executive pay and performance management. The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

Related Parties and other Connected Charities and Organisations

The Academy Trust has collaborative links with REAch2 Academy Trust. The CEO of REAch2 Academy Trust, Sir Steve Lancashire, is a Trustee of Reach South Academy Trust. A Member of Reach South Academy Trust, Peter Little, is also a Member of REAch2 Academy Trust.

There are no other related parties that either control or significantly influence the decisions and operations of Reach South Academy Trust.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy Trust is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing: mainstream academies offering a broad range of curriculum for pupils of different abilities; as well as special academies organised to make special educational provision for pupils with special educational needs; and 16-19 academies offering a curriculum appropriate to the needs of their students.

The Trust aims to establish academies principally in the South West region of England.

Objectives, Strategies and Activities

Our operational objectives for the 2017-2018 financial year were:

- Improve the educational achievement of pupils in our primary academies in Plymouth. These academies will have completed their first full year in the Trust.
- Secure the improvement of educational outcomes for pupils at Springfields Academy; and extend the specialist support of Springfields for pupils in the south of Wiltshire.
- To establish a regional hub of academies in Bournemouth and Dorset.
- To establish our first mainstream secondary academy provision; including the exploration of operating a UTC.
- To strengthen our school improvement capacity.
- To establish 'Visible Learning' training for all of our teachers in Plymouth as a consistent approach to pedagogy and meta-cognition across the Trust.
- To strengthen our operations support for academies through the development of a central estates team and bringing our financial and HR support 'in-house'.

Our achievements against these objectives were:

- Key Stage 2 outcomes in 2018, in terms of the percentage of 11-year olds achieving or exceeding the expected standards in reading, writing and maths, improved by 7%. This was twice the rate of improvement nationally.
- Springfields Academy joined the Trust on 1 November 2017 as planned. As a sponsored academy the Trust commissioned an expert special school improvement leader to assess the progress of the academy in terms of pupils' educational outcomes on a termly basis. These assessments demonstrate continuous and positive improvement. Following a competitive process, Wiltshire County Council and the Regional Schools Commissioner South West, have approved Springfields to open a satellite provision in Salisbury, south Wiltshire. The provision will open in January 2019 at which point it will support between 16-25 young people. The new provision will open on the campus of Sarum Academy, a member of the Magna Learning Partnership. This is a significant example of collaborative working between the two Multi Academy Trusts to create capacity that brings benefits to more pupils and students.
- A new regional hub was established in Bournemouth and Dorset. Hill View and Malmesbury Park primary academies, in Bournemouth, joined Reach South on 1 March 2018. This was a voluntary transfer of the academies from the Bournemouth Primary MAT to Reach South Academy Trust. Hill View was inspected by Ofsted shortly after joining the Trust and was judged to be a 'Good' school. Parkfield Academy in Hurn, Dorset, an all-through 4-16 free school, joined Reach South on a sponsorship basis on 1 September 2018.
- Parkfield Academy provides the Academy Trust's first mainstream secondary provision in the Academy Trust, although Springfields provides special education for young people in key stages 3, 4 and 5. After a lengthy due diligence process, Trustees determined to also proceed with a sponsorship application for the UTC Plymouth (University Technical College). The UTC joined the Trust on October 1st 2018. As of October 1st the Trust was providing education to 4,294 pupils aged from 4 to 19 years.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trust has significantly increased its school improvement capacity through:

- Appointment of three centrally funded primary associate school leaders to support academies under the direction of the Director of Primary Education.
 - Appointment of Director SEND to support a Trust wide approach to SENCo and SEND training.
 - Appointment of an Executive Headteacher over Stuart Road Primary and High Street Primary academies.
 - Appointment of an Executive Headteacher over Drake Primary and Morice Town Primary academies.
 - Strengthened school-to-school support and collaboration to match individual academy need to expertise and capacity in another academy in the regional hub.
 - School leadership training to secure consistent approach to self-evaluation, data led school improvement planning, common pupil data systems and infrastructure procured and in place.
- Year 1 'Visible Learning' training was delivered in our Plymouth primary academies during 2017-2018 including: Visible Learning Impact Coach training; and Visible Learning in Action Training for all teachers. This has had positive impact already in a number of our academies, for example, Pilgrim Primary cite it as one of the components that helped to improve the percentage of children achieving the expected outcomes at KS2 from 44% in 2017 to 80% in 2018.
 - The Trust appointed a Director of Learning Environment/Estates in 2017/18. The Trust also secured ESFA delegated Schools Condition Allocation (SCA) funding. The development of professional capacity and delegated capital improvement funding has allowed us to prioritise and address the most urgent estates needs of our academies. During the year the out-sourced finance and HR support was transferred to being a fully in-house provision. This allows the Trust to control the quality of these services and secure better value for money through economies of scale and centralised services.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy Trust aims to advance for the public benefit, education in the South West of England. During the period to 31 August 2018 the focus of the Trust's objective to advance education for the public benefit has been to:

- Operate eight primary academies in Plymouth offering a broad and balanced curriculum.
- Operate a special academy in Wiltshire providing a curriculum to meet the needs of children with Autistic Spectrum Disorder (ASD), Social, Emotional and Mental Health needs (SEMH), Specific Learning Disorder (SpLd), Attachment Disorder, Oppositional Defiance Disorder and Social Communication Disorder.
- Establish and operate two primary academies in Bournemouth offering a broad and balanced curriculum.
- Establish an all-through 4-19 academy in Dorset offering a broad and balanced curriculum.
- Establish the UTC Plymouth, for 14-19 year olds, offering a specialist science, technology, engineering and maths (STEM) curriculum with a focus on engineering.

STRATEGIC REPORT

Achievements and Performance

The Academy Trust performed well in achieving its goals to secure growth, support a greater number of sponsored academies and to secure the full age range of pupils:

- Springfields Academy joined on November 1st 2018.
- Hill View and Malmesbury Park Primary academies joined on March 1st 2018.
- Sponsorship application for Parkfield Academy, Dorset was approved and Parkfield Academy joined the

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Academy Trust on September 1st 2018.

- Sponsorship application for UTC Plymouth was approved and UTC Plymouth joined the Academy Trust on October 1st 2018.
- Proposal to develop Springfields South was approved with opening anticipated for January 1st 2019.

Key Performance Indicators

KS2 Performance Summer 2018 (2017 results in parenthesis)		
Academy	Date joined the Trust	% of pupils achieving the expected standard in reading, writing and maths
Reach South Regional average		53% (46%)
Stuart Road	1.7.17	69% (67%)
Stoke Damerel Primary	1.7.17	67% (60%)
Drake	1.4.17	67% (55%)
High Street	1.12.16	41% (15%)
Goosewell	1.1.17	43% (57%)
Pilgrim	1.4.17	77% (42%)
Morice Town	1.1.17	21% (28%)
Marlborough	1.1.17	38% (33%)
Malmesbury Park	1.3.18	48% (69%*)
Hill View	1.3.18	58% (53%*)
* These schools were not in the Trust in 2016/17		

The table provides the summary key stage 2 performance in terms of the percentage of pupils achieving or exceeding the expected standards in reading, writing and maths. Malmesbury Park and Hill View only joined the Trust in March 2018, but their results are included here as their baseline to measure progress against next year. The national average outcome in 2018 was 64% of pupils achieving the expected standard which was a 3% improvement on the previous year.

Overall, the Academy Trust improved in terms of this key performance indicator by 7% over the previous year. Goosewell slipped back and Morice Town failed to improve. These schools will be the focus for support and intervention in the New Year. The other academies in Plymouth all showed improvement with significant gains in Drake, High Street and Pilgrim. Stuart Road, Stoke Damerel, Drake and Pilgrim are operating at above national expectations.

The first year's results demonstrate good educational progress at above national averages rates. The task for the Academy Trust over the next year is to deliver higher levels of consistency in this improvement across all of our academies.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In the period under review, free reserves of £993,147 were carried forward representing 8.2% of annualised GAG.

In 17/18, a KPI was set for each academy to achieve an in-year surplus of 2% of total income. The Academy Trust achieved this objective overall, however four academies individually, did not meet the target. This was mainly due to unforeseen staff restructuring costs and long term sick cover.

Another KPI was for staffing costs as a percentage of total costs to not exceed 75%. Only three academies achieved this KPI, mainly due to the support staff pay increase. In addition, three schools joined in year with high staffing percentages. Overall, staffing accounted for 77% of total costs for the Academy Trust.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

FINANCIAL REVIEW

Financial Review

Most of the Academy Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy Trust's accounting policies.

During the year ended 31 August 2018, the Academy Trust received total income of £40.7m (including fixed assets of £26.6m and the £4.5m pension deficit transferred on conversion) and incurred total expenditure of £19.8m. The excess of income over expenditure for the year was £20.9m.

At 31 August 2018 the net book value of fixed assets was £49.1m and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

Land, buildings and other assets were transferred to the Academy Trust from other Trusts that were transferred into the Trust during the year. Land and buildings transferred into the Trust during the year were professionally valued at £26.2m. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Donations and Staff Expenses.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be approximately 5% of GAG income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants, and to support the growth of the Trust through the investment in resources. Total reserves of the Trust amount to £41,525,857, although £40,532,712 of this related to fixed assets, unspent capital income, pension reserve and all other non-GAG restricted funds. The Trust has free reserves totalling £993,145 (representing £751,116 unrestricted funds and £242,029 unspent GAG) and is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Day to day management of the surplus funds is delegated to the Finance Director within strict guidelines approved by the Board of Trustees.

Principal Risks And Uncertainties

The Board of Trustees has a risk and audit sub-committee whose responsibility is to scrutinise and consider the Academy Trust's risk profile and the management of those risks. The Academy Trust maintains a risk-register. The Chair of the Risk and Audit Committee provides a report to the full Board at all of their meetings. The Academy Trust also requires each academy LGB to maintain a risk register and scrutinise and challenge management actions to manage those risks. The Trust requires all of its academies to subscribe to the governments risk protection arrangements (RPA) for academies.

Principal risks identified by Trustees are:

1. Educational
 - a. A group or groups of pupils fail to make educational progress.
 - b. Education developments fail to positively impact on pupil progress.
2. Financial
 - a. Increasing unavoidable costs are exceeding increases in per pupil funding.
 - b. Cash flow.
 - c. Fraud, theft or corruption.
3. Safeguarding
 - a. Child protection.
 - b. Digital protection.
 - c. Estates physical protection and security.
4. Data security
 - a. Secure and backed up systems.
 - b. GDPR compliance.
5. Staffing
 - a. Capacity and demands on existing staff.
 - b. Succession Planning.
6. Estates
 - a. Maintenance.
 - b. Energy and heating.
 - c. Business continuity.
7. Reputational
 - a. Reputation negatively impacts on growth.
 - b. Reputation negatively impacts on pupil numbers in existing academies.

Financial

1. The Academy Trust has considerable reliance on continued Government funding through the ESFA. In the last year 100% of the Academy Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The introduction of the national funding formula by the government will impact on this position. Indicative estimates by the Trust and the Local Authority indicate that our academies in Plymouth will financially benefit on a per pupil basis following the introduction of the national funding formula.
2. A number of our academies operate nursery provisions commissioned by the Local Authority. Reduced per pupil funding for nursery provision is creating a risk in terms of the financial viability of the nurseries in

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

the medium and long term. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy Trust has appointed a Responsible Officer/internal audit to carry out checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Academy Trust has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy Trust. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year-end, the Academy Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), represents a significant potential liability. However, as the Trustees consider that the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Trustees have set out a seven-point strategic development plan to guide the Academy Trust's future development:

1. Every pupil makes progress
 - a. Systematic development on promoting visible learning to secure consistent quality of learning and teaching.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

- b. Effective use and interpretation of data to prioritise educational support.
 - c. Consistent development of SEND support across all academies.
2. Develop our science, technology, engineering, arts and maths (STEAM) curriculum across all key stages of learning to prepare pupils for employability and to make a contribution.
3. Strengthen our effective school intervention capacity of central intervention and school-to-school support, within a consistent school improvement framework.
4. Grow the Trust further in order to support more pupils and secure cost efficiencies through economies of scale.
5. Implement shared central services to provide academies with higher quality support services, such as finance, HR, estates and IT, at a lower cost.
6. A people strategy for talent to secure a high quality workforce and succession planning for the future.
7. An estates strategy for inspiring learning.

The strategic plans are set against 108-day targets and 1080-day targets. Progress against these targets is monitored by the Trustees.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust and its Trustees do not act as the Custodian Trustees of any other Charity.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Reach South Academy Trust recognises the benefits of having a diverse workforce and welcomes applications from all sections of the community. This applies to those accessing training, career progression and promotion within the Academy Trust. Under the provisions of the Equality Act 2010, the Academy Trust is required to demonstrate that its recruitment processes are fair and that it is not discriminating against or disadvantaging anyone because of their age, disability, gender reassignment status, marriage or civil partnership status, pregnancy or maternity, race, religion or belief, sex or sexual orientation. A series of questions are asked at application stage in order to ascertain who is applying for each position and to ensure that no one is being unfairly discriminated against or disadvantaged. All staff have equal access to training and development, career progression and promotion.

Applicants are asked to disclose if they have a disability so that the Academy Trust can make reasonable adjustments to ensure that any selection processes - including the interview - are fair and equitable and are complying with the Equality Act 2010.

The Academy Trust offers a guaranteed interview scheme if the applicant meets the minimum criteria as specified in the person specification.

For employees who become disabled during their employment the Academy Trust supports the Headteacher/Director in determining the reasonable adjustments that need to be put into place to support the employee. This is done through occupational health referral as well as other support services.

The Academy Trust is developing its recruitment policy which will, in addition to fair and transparent recruitment practices, include opportunities for career progression and promotion for all staff within the Trust irrespective of their age, disability, gender reassignment status, marriage or civil partnership status, pregnancy or maternity, race, religion or belief, sex or sexual orientation.

Further work is:

- The Trust Management of Change Policy details the process for employee and trade union consultation and was approved by the Trust Board. A process of consultation was undertaken with trade unions to develop and implement the new policy. This policy will be used for all future organisational change and any changes that affect individual employees. There is a requirement for a minimum of 30 calendar day's consultation for all changes.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 14 December 2018 and signed on the board's behalf by:



**Mr M Aglus
Chair of Trustees**

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Reach South Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Reach South Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Agius, Chair of Trustees	6	6
Mr D Ashton, Chief Executive Officer	6	6
Mr A Newton	4	6
Dr C Gentle	4	6
Mr A Gunn	5	6
Ms S English, Vice Chair of Trustees	5	6
Lady P Marland	5	6
Sir S Lancashire	6	6
Mr P King (resigned 27 November 2017)	0	0
Ms B Lacey	6	6
Mr M Papworth	6	6
Ms A Stevens	4	6
Ms G Beaver (appointed 27 November 2017)	4	5

Following the appointment of initial Trustees in 2016 the Board conducted a skills audit before identifying potential additional Trustees to join the Board in 2017. Potential new Trustees, identified by the Board that might match the identified skills gap, had an initial conversation with the Chief Executive. Candidates taken forward at this point were then interviewed by the Trust's Appointment Committee consisting of four Trustees including the Chair and Vice Chairs. Candidates successful at this point were then recommended to the full Board for consideration. During the 2017-18 financial year, the Board determined that a Trustee with financial and audit experience was required following the resignation of Peter King. Following the usual process, Ms G Beaver was appointed as a Trustee.

In the Autumn Term 2017, the Chair and Chief Executive Officer attended a joint professional development on MAT Governance, delivered by Deloitte and the Institute of Education, to facilitate a review of the strengths and weaknesses of the Trust.

The key issue coming out of the analysis was the Trust's parental and community engagement through its Local Governing Bodies and how it monitors this engagement. It was determined that the first step to answering this question would be a Local Governing Board Chairs Conference, that took place in the summer term 2018. The Chief Executive Officer and both the Chair and Vice Chair of the Trust Board, met with all of the Local Governing Board Chairs to reinforce the role of the Local Governing Boards. The Trust's Governance Advisor also provided a session to Chairs on the role of the Local Governing Board in the MAT and subsequently has produced a MAT governance handbook that has been distributed to all Local Governing Boards.

The Trust has established the following five sub-committees to the Board of Trustees:

- Nominations Committee
- Finance sub-committee
- Risk & Audit sub-committee

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

- Human Resources sub-committee
- Education Standards & Performance sub-committee

Each sub-committee comprises four Trustees, one of whom is the sub-committee Chair. Each sub-committee Chair presents a report of key findings and action taken to the Board of Trustees.

The Nominations Committee only meets when required for the consideration of nomination of a new Trustee.

The Finance sub-committee's main duties include:

- to develop a financial strategy for the Academy Trust and consider policies, procedures or plans required to realise such strategy,
- to ensure sound management of finances and resources through the regular and robust review of financial monitoring reports from individual academies
- to consider individual academy budget proposals for authorisation
- to consider requests from academies for exceptional revenue and/or capital expenditure
- to oversee financial management and cashflow of the Trust
- to oversee significant investment and capital financing decisions
- to monitor the integrity of the Financial Statements

During the year Ms B Lacey joined the sub-committee. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Agius, Chair of Trustees	6	7
Mr D Ashton, Chief Executive Officer	7	7
Mr A Gunn	7	7
Dr C Gentle, Chair of Committee	7	7
Ms B Lacey	5	5
Ms S Inglish	2	3

The Risk and Audit sub-committee's main duties include:

- Establish and monitor the Academy Trust's internal control framework in order to provide assurance of strong internal financial management and governance
- Develop and keep under review risk management and measurement strategies across the Academy Trust together with the procedures for monitoring the adequacy and effectiveness of those processes
- Make recommendations to the Board of Trustees in relation to the appointment, re-appointment and removal of the external auditor
- Review the external auditor's independence and objectivity as well as approve the external auditor's remuneration and terms of engagement

No significant issues to note were dealt with during the period.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Ashton, Chief Executive Officer	4	4
Ms S Inglish, Chair of Committee	4	4
Sir S Lancashire	1	4
Mr M Papworth	4	4
Ms G Beaver	3	4
Dr C Gentle	1	1
Mr A Gunn	0	1

Dean Ashton stepped down from the committee at the end of the 2017-18 financial year in order to comply with best practice and the new Academies Financial Handbook requirements. As CEO and Accounting Officer, Dean

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Ashton continues to attend the meetings of the committee but only as an Officer of the Trust rather than a Trustee.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Robust financial governance and budget management
- Value for money purchasing
- Reviewing controls and managing risk
- Challenging proposals and examining their effectiveness and efficiency
- Reviewing quality of curriculum provision and quality of teaching
- Reviewing quality of children's learning to enable children to achieve nationally expected progress

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Reach South Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchase systems
- Testing of cash handling controls
- Testing of compliance with the scheme of delegation and internal controls

On a termly basis, the internal auditor report to the Board of Trustees through the Risk and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

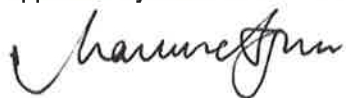
REVIEW OF EFFECTIVENESS

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Risk and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 14 December 2018 and signed on their behalf,



Mr M Agius
Chair of Trustees



Mr D Ashton
Accounting Officer

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Reach South Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



**Mr D Ashton
Accounting Officer**

Date: 14 December 2018

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees and signed on its behalf by:



**Mr M Agius
Chair of Trustees**

Date: 14 December 2018

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REACH
SOUTH ACADEMY TRUST**

OPINION

We have audited the financial statements of Reach South Academy Trust (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REACH SOUTH ACADEMY TRUST

required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REACH
SOUTH ACADEMY TRUST**

USE OF OUR REPORT

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Bishop Fleming LLP

Pamela Tuckett FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

Date: 21/12/18

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO REACH
SOUTH ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 15 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Reach South Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Reach South Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Reach South Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Reach South Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF REACH SOUTH ACADEMY TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Reach South Academy Trust's funding agreement with the Secretary of State for Education dated 1 December 2016, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO REACH
SOUTH ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Bishop Fleming LLP

Pamela Tuckett FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

Date: 21/12/18

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations & capital grants:						
Transfers from Local Authority on Conversion	2	-	-	-	-	19,684,397
Transfers from existing Academy Trusts	2	361,321	(4,454,065)	26,631,265	22,538,521	-
Other donations and capital grants	2	139,384	628,855	-	768,239	101,215
Charitable activities	3	516,113	16,748,688	-	17,264,801	6,392,307
Other trading activities	4	169,747	-	-	169,747	5,119
Investments	5	1,054	-	-	1,054	329
TOTAL INCOME		1,187,619	12,923,478	26,631,265	40,742,362	26,183,367
EXPENDITURE ON:						
Charitable activities:						
Exceptional staff restructuring costs	14	-	220,148	-	220,148	-
Other charitable activities		799,951	17,906,382	883,264	19,589,597	6,824,127
TOTAL EXPENDITURE	6	799,951	18,126,530	883,264	19,809,745	6,824,127
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		387,668	(5,203,052)	25,748,001	20,932,617	19,359,240
Transfers between Funds	21	(70,986)	(2,705)	73,691	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		316,682	(5,205,757)	25,821,692	20,932,617	19,359,240
Actuarial gains/(losses) on defined benefit pension schemes	26	-	2,233,000	-	2,233,000	(999,000)
NET MOVEMENT IN FUNDS		316,682	(2,972,757)	25,821,692	23,165,617	18,360,240
RECONCILIATION OF FUNDS:						
Total funds brought forward		434,434	(5,557,346)	23,483,152	18,360,240	-
TOTAL FUNDS CARRIED FORWARD		751,116	(8,530,103)	49,304,844	41,525,857	18,360,240

The notes on pages 28 to 56 form part of these financial statements.

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 10151730

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	15		49,086,658		23,381,038
CURRENT ASSETS					
Stocks	16	2,211		-	
Debtors	17	1,337,505		794,877	
Cash at bank and in hand		2,085,150		1,073,962	
		3,424,866		1,868,839	
CREDITORS: amounts falling due within one year	18	(1,569,299)		(1,000,637)	
NET CURRENT ASSETS			1,855,567		868,202
TOTAL ASSETS LESS CURRENT LIABILITIES			50,942,225		24,249,240
CREDITORS: amounts falling due after more than one year	19		(2,368)		-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			50,939,857		24,249,240
Defined benefit pension scheme liability	26		(9,414,000)		(5,889,000)
NET ASSETS			41,525,857		18,360,240
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	21	883,897		331,654	
Fixed asset funds	21	49,304,844		23,483,152	
Restricted funds excluding pension liability		50,188,741		23,814,806	
Pension reserve	21	(9,414,000)		(5,889,000)	
Total restricted funds			40,774,741		17,925,806
Unrestricted funds	21		751,116		434,434
TOTAL FUNDS			41,525,857		18,360,240

The financial statements on pages 25 to 56 were approved by the Trustees, and authorised for issue, on 14 December 2018 and are signed on their behalf, by:



Mr M Agius
Chair of Trustees

The notes on pages 28 to 56 form part of these financial statements.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	23	(563,278)	485,984
Cash flows from investing activities:			
Interest received		1,054	326
Purchase of tangible fixed assets		(86,032)	(88,281)
Capital grants from DfE Group		569,733	43,594
Capital funding received from sponsors and others		-	2,000
Net cash provided by/(used in) investing activities		484,755	(42,361)
Cash transferred on conversion to an Academy Trust			
Cash transferred from Local Authority		-	630,339
Cash received from existing Trusts transferred in		1,089,711	-
Net cash provided by financing activities		1,089,711	630,339
Change in cash and cash equivalents in the year		1,011,188	1,073,962
Cash and cash equivalents brought forward		1,073,962	-
Cash and cash equivalents carried forward	24	2,085,150	1,073,962

The notes on pages 28 to 56 form part of these financial statements.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Reach South Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations are recognised on a receivable basis (where there are no performance-related conditions), where the receipt is probable and it can be reliably measured.

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods and services.

Where assets are received by the Academy Trust on conversion to an Academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the Academy Trust's educational operations, including support costs and those costs relating to the governance of the Academy Trust apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £2,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Land: not depreciated; Buildings: 50 years straight line
Leasehold property	-	Land: 125 years/lease term; Buildings: 50 years straight line
Motor vehicles	-	20% Straight Line
Furniture and equipment	-	25% straight line
Computer equipment	-	33% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

1.6 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchases on a first in first out basis.

1.7 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.8 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.9 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.10 FINANCIAL INSTRUMENTS

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.13 PENSIONS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to net income / expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.14 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfers from Local Authority on Conversion	-	-	-	-	19,684,397
Transfers from existing Academy Trusts	361,321	(4,454,065)	26,631,265	22,538,521	-
	361,321	(4,454,065)	26,631,265	22,538,521	19,684,397
Donations	139,384	59,122	-	198,506	55,621
Capital Grants	-	569,733	-	569,733	45,594
	139,384	628,855	-	768,239	101,215
	500,705	(3,825,210)	26,631,265	23,306,760	19,785,612
Total 2017	543,697	(4,431,023)	23,672,938	19,785,612	

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Education	146,441	16,101,801	16,248,242	6,223,346
Nursery	369,672	-	369,672	168,961
Boarding	-	646,887	646,887	-
	<u>516,113</u>	<u>16,748,688</u>	<u>17,264,801</u>	<u>6,392,307</u>
Total 2017	<u>196,819</u>	<u>6,195,488</u>	<u>6,392,307</u>	

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	12,125,693	12,125,693	4,696,118
Start up Grants	-	-	-	351,781
Other DfE Group grants	-	2,204,179	2,204,179	1,001,700
	<u>-</u>	<u>14,329,872</u>	<u>14,329,872</u>	<u>6,049,599</u>
Other government grants				
High Needs	-	1,649,666	1,649,666	95,698
Other Government grants	-	122,263	122,263	29,418
	<u>-</u>	<u>1,771,929</u>	<u>1,771,929</u>	<u>125,116</u>
Other funding				
Sales to students	13,391	-	13,391	7,161
Other	133,050	-	133,050	41,470
	<u>146,441</u>	<u>-</u>	<u>146,441</u>	<u>48,631</u>
	<u>146,441</u>	<u>16,101,801</u>	<u>16,248,242</u>	<u>6,223,346</u>
Total 2017	<u>48,631</u>	<u>6,174,715</u>	<u>6,223,346</u>	

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	18,656	-	18,656	5,092
External Catering	9,958	-	9,958	27
Fees received	141,133	-	141,133	-
	<u>169,747</u>	<u>-</u>	<u>169,747</u>	<u>5,119</u>
Total 2017	<u>5,119</u>	<u>-</u>	<u>5,119</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	1,054	-	1,054	329
Total 2017	<u>329</u>	<u>-</u>	<u>329</u>	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Education:					
Direct costs	8,458,073	512,516	616,285	9,586,874	3,692,389
Support costs	5,893,279	1,219,877	2,042,294	9,155,450	2,826,400
Nursery:					
Direct costs	363,252	22,715	3,989	389,956	224,271
Support costs	-	3,938	26,640	30,578	81,067
Boarding:					
Direct costs	6,613	-	10,245	16,858	-
Support costs	500,243	37,092	92,694	630,029	-
	<u>15,221,460</u>	<u>1,796,138</u>	<u>2,792,147</u>	<u>19,809,745</u>	<u>6,824,127</u>
Total 2017	<u>5,190,639</u>	<u>500,912</u>	<u>1,132,576</u>	<u>6,824,127</u>	

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. DIRECT COSTS

	Education	Nursery	Boarding	Total	Total
	£	£	£	2018	2017
				£	£
Pension finance costs	59,000	-	-	59,000	47,000
Educational supplies	222,861	3,989	10,245	237,095	64,319
Examination fees	10,793	-	-	10,793	3,342
Other costs	278,987	-	-	278,987	93,519
Supply teachers	221,941	11,052	-	232,993	89,086
Technology costs	44,644	-	-	44,644	8,114
Wages and salaries	6,486,960	290,058	5,715	6,782,733	2,697,557
National insurance	474,051	18,651	464	493,166	190,885
Pension cost	1,275,121	43,491	434	1,319,046	586,888
Depreciation	512,516	22,715	-	535,231	135,950
	9,586,874	389,956	16,858	9,993,688	3,916,660
Total 2017	3,692,389	224,271	-	3,916,660	

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. SUPPORT COSTS

	Education £	Nursery £	Boarding £	Total 2018 £	Total 2017 £
Pension finance costs	172,000	-	-	172,000	28,000
Staff development	97,727	521	-	98,248	7,893
Other costs	14,763	11	-	14,774	9,598
Recruitment and support	255,903	10,912	51,175	317,990	81,711
Maintenance of premises and equipment	156,495	898	15,000	172,393	37,802
Cleaning	250,431	3,103	-	253,534	63,227
Rent and rates	100,700	673	2,495	103,868	47,739
Energy costs	156,465	1,254	11,597	169,316	65,919
Insurance	129,872	895	-	130,767	41,425
Security and transport	40,789	160	8,000	48,949	16,297
Catering	217,099	2,675	26,880	246,654	131,847
Technology costs	187,319	1,574	-	188,893	125,992
Office overheads	221,565	1,717	3,000	226,282	45,560
Legal and professional	1,075,557	5,991	11,639	1,093,187	490,290
Bank interest and charges	531	-	-	531	123
Governance	57,070	194	-	57,264	47,516
Wages and salaries	3,835,343	-	379,715	4,215,058	1,144,199
National insurance	353,111	-	33,044	386,155	101,558
Pension cost	1,484,677	-	87,484	1,572,161	328,218
Depreciation	348,033	-	-	348,033	92,553
	9,155,450	30,578	630,029	9,816,057	2,907,467
Total 2017	2,826,400	81,067	-	2,907,467	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the Academy Trust	883,264	228,503
Auditors' remuneration - audit	14,500	9,750
Auditors' remuneration - other services	23,950	12,570
Operating lease rentals	105,910	6,876

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	10,997,791	3,841,756
Social security costs	879,321	292,443
Pension costs	2,891,207	915,106
	14,768,319	5,049,305
Agency staff costs	232,993	89,086
Staff restructuring costs	220,148	52,248
	15,221,460	5,190,639

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	156,299	52,248
Severance payments	54,535	-
Other restructuring costs	9,314	-
	220,148	52,248

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £16,888 (2017: £Nil), which is made up of £20,888 of cost and £4,000 of funding from the Trusts RPA insurance policy. The £16,888 balance has been funded out of GAG. Individually, the payments were £1,522 made on 25 August 2018, £8,566 made on 16 March 2018, £5,000 made on 25 August 2018, £4,000 made on 2 January 2018 and £1,800 made on 25 August 2018.

c. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2018 No.	2017 No.
Teachers	179	59
Educational Support	310	95
Administration and support	75	55
Management	6	6
	570	215

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS (continued)

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	174	52
Educational support	178	54
Administration and support	55	24
Management	5	5
	<u>412</u>	<u>135</u>

d. Higher paid staff

The number of employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was:

	2018 No.	2017 No.
In the band £60,001 - £70,000	6	0
In the band £70,001 - £80,000	3	0
In the band £80,001 - £90,000	0	1
In the band £150,000 - £160,000	1	0

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £507,342 (2017: £129,822).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the key management personnel other than in their role as Trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

11. TRUSTEES' REMUNERATION AND EXPENSES

The CEO and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: D Ashton: remuneration £155,000 - £160,000 (2017: £80,000 - £85,000), Employer's pension contributions £25,000 - £30,000 (2017: £15,000 - £20,000). Other related party transactions involving the trustees are set out in note 30.

During the year, no Trustees received any benefits in kind (2017: £NIL).

During the year ended 31 August 2018, expenses totalling £596 (2017: £693) were reimbursed to 2 Trustees (2017: 3).

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

13. CENTRAL SERVICES

The Academy Trust has provided the following central services to its academies during the year:

- Financial management and planning systems
- Accountancy, Human Resources, Health & Safety, Payroll, Pension and ICT support
- Estates strategic management and capital improvement
- Events management and administration
- Governance support
- Policy development
- Associate school leader
- School Performance Management
- Risk management
- School leadership development and training
- School leadership performance management
- Liaison with regulators and policy makers (DfE, ESFA, Regional Schools' Commissioner, OFSTED, Charities Commission and Companies House)
- Liaison with trade unions
- Media and publicity management
- Crisis management

These services are funded on 6.5% of GAG income which is retained centrally and allocated as and when necessary. Any surplus is retained centrally to ensure that there is sufficient contingency in place to cover unplanned eventualities as advised by the ESFA when the Academy Trust was established.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Drake Primary Academy	53,729	22,750
Goosewell Academy	131,445	92,241
High Street Primary Academy	57,744	44,787
Marlborough Primary Academy	57,970	42,292
Morice Town Primary Academy	59,470	41,355
Pilgrim Primary Academy	87,957	37,242
Stoke Damerel Primary Academy	93,749	16,047
Stuart Road Primary Academy	49,716	8,518
Hill View Primary Academy	64,895	-
Malmesbury Park Primary Academy	73,289	-
Total	729,964	305,232

14. EXCEPTIONAL ITEMS

On the face of the SOFA is an exceptional item in relation to one-off staff restructuring costs incurred in the year. Further analysis of this is included within note 10.

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Motor vehicles £	Furniture and equipment £	Computer equipment £	Total £
COST						
At 1 September 2017	17,554,217	5,593,927	-	286,898	174,499	23,609,541
Additions	41,904	18,833	-	20,795	4,500	86,032
Assets donated on academies joining the trust	-	26,209,500	17,820	227,619	47,913	26,502,852
At 31 August 2018	17,596,121	31,822,260	17,820	535,312	226,912	50,198,425
DEPRECIATION						
At 1 September 2017	115,788	61,236	-	25,337	26,142	228,503
Charge for the year	293,608	408,113	2,296	109,637	69,610	883,264
At 31 August 2018	409,396	469,349	2,296	134,974	95,752	1,111,767
NET BOOK VALUE						
At 31 August 2018	17,186,725	31,352,911	15,524	400,338	131,160	49,086,658
At 31 August 2017	17,438,429	5,532,691	-	261,561	148,357	23,381,038

Included in freehold property is land at cost of £3,245,000 (2017: £3,245,000) which is not depreciated.

16. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	2,211	-

17. DEBTORS

	2018 £	2017 £
Trade debtors	45,434	730
VAT recoverable	607,322	251,963
Other debtors	-	1,686
Prepayments and accrued income	684,749	540,498
	1,337,505	794,877

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	463,197	422,142
Other taxation and social security	270,821	147,574
Other creditors	172,142	25,949
Accruals and deferred income	663,139	404,972
	<u>1,569,299</u>	<u>1,000,637</u>

	2018 £	2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	170,542	-
Resources deferred during the year	448,196	170,542
Amounts released from previous years	(170,542)	-
Deferred income at 31 August 2018	<u>448,196</u>	<u>170,542</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Other creditors	<u>2,368</u>	<u>-</u>

20. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at amortised cost	<u>2,641,433</u>	<u>1,355,763</u>
Financial liabilities measured at amortised cost	<u>885,277</u>	<u>680,533</u>

Financial assets measured at amortised cost comprises cash at bank, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprises trade creditors, other creditors and accruals.

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General funds	434,434	1,187,619	(799,951)	(70,986)	-	751,116
RESTRICTED FUNDS						
General Annual Grant (GAG)	82,053	12,125,693	(12,013,006)	47,289	-	242,029
Restricted funds on transfer into Trust	-	(11,402)	-	11,402	-	-
High needs	-	2,296,553	(2,296,553)	-	-	-
Pupil premium	-	1,338,944	(1,338,944)	-	-	-
Other DfE/ESFA	231,094	876,572	(906,422)	7,795	-	209,039
Devolved Formula Capital	9,772	88,561	(41,198)	(23,954)	-	33,181
School Condition Allocation	-	481,172	(55,120)	(26,404)	-	399,648
Other Government grants	7,525	122,263	(129,788)	-	-	-
Other	1,210	59,122	(41,499)	(18,833)	-	-
Pension reserve	(5,889,000)	(4,454,000)	(1,304,000)	-	2,233,000	(9,414,000)
	(5,557,346)	12,923,478	(18,126,530)	(2,705)	2,233,000	(8,530,103)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion or from existing Trust's	23,294,282	26,502,852	(856,410)	-	-	48,940,724
Capital funding transferred on conversion or from existing Trust's	148,744	128,413	(13,183)	-	-	263,974
Fixed assets purchased from GAG	26,973	-	(8,141)	4,500	-	23,332
Devolved Formula Capital	11,153	-	(4,493)	23,954	-	30,614
Other	2,000	-	(1,037)	18,833	-	19,796
School Condition Allocation	-	-	-	26,404	-	26,404
	23,483,152	26,631,265	(883,264)	73,691	-	49,304,844
Total restricted funds	17,925,806	39,554,743	(19,009,794)	70,986	2,233,000	40,774,741
Total of funds	18,360,240	40,742,362	(19,809,745)	-	2,233,000	41,525,857

The specific purposes for which the funds are to be applied are as follows:

RESTRICTED FUNDS

General Annual Grant

Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. STATEMENT OF FUNDS (continued)

Restricted funds on transfer into Trust

Revenue deficit transferred in from existing Trusts joining the Trust.

High needs

Funding received by the Local Authority to fund further support for students with additional needs.

Pupil premium

Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Other DfE/ESFA

Includes the Sports and PE Grant that must be used to fund improvements to the provision of PE and sport, for the benefit of primary-aged pupils, so that they develop healthy lifestyles; Universal Infant Free School Meal (UIFSM) income for the provision of free school meals for infants; and rebrokerage grants received in respect of taking on schools/academies into the Academy Trust.

Devolved Formula Capital

This represents funding from the ESFA to cover the maintenance of the Trust's assets.

School Condition Allocation

This represents funding from the ESFA to cover the maintenance of the Trust's assets.

Other Government grants

This represents funding from the Local Authority in respect of PAN expansion to support the increase in the Academy Trust's published admission number.

Other

This represents the income in respect of restricted donations and trips.

Pension reserve

This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion or from existing Trusts

This represents the land, buildings, furniture and equipment donated to the Academy Trust from the Local Authority on conversion to an Academy Trust or from existing Academy Trusts on transfer into the Trust.

Capital funding transferred on conversion or from existing Trusts

This represents the element of the cash transferred across on conversion or transfer that was previously set aside for capital purposes.

Devolved Formula Capital

This represents funding from the ESFA to cover the purchase of the Trust's assets.

Other

This represents donations received to be spent on capital assets.

School Condition Allocation

This represents funding from the ESFA to cover the purchase of the Trust's assets.

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. STATEMENT OF FUNDS (continued)

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Drake Primary Academy	16,714	15,894
Goosewell Primary Academy	165,773	131,954
High Street Primary Academy	36,717	(12,207)
Hill View Primary Academy	82,600	-
Malmesbury Park Primary Academy	457,146	-
Marlborough Primary Academy	196,057	127,878
Morice Town Primary Academy	57,393	105,354
Pilgrim Primary Academy	140,735	95,888
The Springfields Academy	(136,567)	-
Stoke Damerel Primary Academy	143,919	66,339
Stuart Road Primary Academy	7,066	(15,093)
Central Function	67,812	250,081
Central Function - Unspent SCA	399,648	-
Total before fixed asset fund and pension reserve	1,635,013	766,088
Restricted fixed asset fund	49,304,844	23,483,152
Pension reserve	(9,414,000)	(5,889,000)
Total	41,525,857	18,360,240

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
The Springfields Academy	(136,567)

The Springfields Academy was transferred into the Trust on 1 November 2017 with a total deficit, excluding the pension liability and fixed asset funds, of £189,221.

The Academy Trust is taking the following action to return the academy to surplus:

The academy worked with the LA to adjust the way places were funded to ensure costs were adequately covered. The academy also restructured staffing in 17/18. Both of these actions are forecast to result in the academy being able to return to a surplus position by 19/20.

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Drake Primary Academy	432,691	376,467	75,156	106,724	991,038	438,003
Goosewell Primary Academy	1,520,046	480,650	90,767	298,505	2,389,968	1,616,085
High Street Primary Academy	479,390	222,064	70,699	310,824	1,082,977	921,869
Hill View Primary Academy	649,078	279,575	68,685	119,145	1,116,483	-
Malmesbury Park Primary Academy	897,189	316,258	69,283	157,950	1,440,680	-
Marlborough Primary Academy	568,865	251,003	78,104	190,247	1,088,219	723,906
Morice Town Primary Academy	574,293	257,457	47,923	267,358	1,147,031	771,384
Pilgrim Primary Academy	813,255	489,984	61,034	229,492	1,593,765	658,307
The Springfields Academy	1,154,884	1,250,100	95,034	523,695	3,023,713	-
Stoke Damerel Primary Academy	841,788	377,256	99,063	267,838	1,585,945	276,883
Stuart Road Primary Academy	364,766	335,912	47,050	164,919	912,647	153,966
Central Function	-	2,066,348	-	487,667	2,554,015	660,221
	8,296,245	6,703,074	802,798	3,124,364	18,926,481	6,220,624

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 27 April 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds	-	745,964	(311,530)	-	-	434,434
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	4,696,118	(4,586,501)	(27,564)	-	82,053
Start Up Grant	-	351,781	(351,781)	-	-	-
Other DfE/ESFA	-	416,027	(184,933)	-	-	231,094
Devolved Formula Capital	-	43,594	(22,669)	(11,153)	-	9,772
Pupil Premium	-	606,446	(606,446)	-	-	-
High Needs	-	95,698	(95,698)	-	-	-
Other Government Grants	-	29,418	(21,893)	-	-	7,525
Other	-	40,383	(39,173)	-	-	1,210
Pension reserve	-	(4,515,000)	(375,000)	-	(999,000)	(5,889,000)
	-	1,764,465	(6,284,094)	(38,717)	(999,000)	(5,557,346)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	-	23,521,260	(226,978)	-	-	23,294,282
Capital funding transferred on conversion	-	149,678	(934)	-	-	148,744
Fixed assets purchased from GAG	-	-	(591)	27,564	-	26,973
Devolved Formula Capital	-	-	-	11,153	-	11,153
Other	-	2,000	-	-	-	2,000
	-	23,672,938	(228,503)	38,717	-	23,483,152
Total restricted funds	-	25,437,403	(6,512,597)	-	(999,000)	17,925,806
Total of funds	-	26,183,367	(6,824,127)	-	(999,000)	18,360,240

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	49,086,658	49,086,658
Current assets	765,164	2,419,562	240,140	3,424,866
Creditors due within one year	(14,048)	(1,533,297)	(21,954)	(1,569,299)
Creditors due in more than one year	-	(2,368)	-	(2,368)
Pension scheme liability	-	(9,414,000)	-	(9,414,000)
	751,116	(8,530,103)	49,304,844	41,525,857

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	23,381,038	23,381,038
Current assets	443,014	1,261,212	164,613	1,868,839
Creditors due within one year	(8,580)	(929,558)	(62,499)	(1,000,637)
Pension scheme liability	-	(5,889,000)	-	(5,889,000)
	434,434	(5,557,346)	23,483,152	18,360,240

23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	20,932,617	19,359,240
Adjustment for:		
Depreciation charges	883,264	228,503
Dividends, interest and rents from investments	(1,054)	(326)
Increase in stocks	(2,211)	-
Increase in debtors	(542,628)	(794,877)
Increase in creditors	571,030	1,000,637
Capital grants from DfE and other capital income	(569,733)	(45,594)
Defined benefit pension scheme obligation inherited	4,454,000	4,515,000
Defined benefit pension scheme cost less contributions payable	1,073,000	300,000
Defined benefit pension scheme finance cost	231,000	75,000
Net income on assets and liabilities from local authority on conversion	-	(24,151,599)
Net income on assets and liabilities from existing Trusts transferred in	(27,592,563)	-
Net cash (used in)/provided by operating activities	(563,278)	485,984

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	2,085,150	1,073,962
	<u>2,085,150</u>	<u>1,073,962</u>

25. CAPITAL COMMITMENTS

At 31 August 2018 the Academy Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	-	3,000
	<u>-</u>	<u>3,000</u>

26. PENSION COMMITMENTS

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Devon County Council Pension Fund, Wiltshire Pension Fund and Dorset County Pension Fund. Both are multi-employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £251,784 were payable to the schemes at 31 August 2018 (2017: £Nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

26. PENSION COMMITMENTS (continued)

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £944,579 (2017: £252,231).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,064,000 (2017: £327,000), of which employer's contributions totalled £821,000 (2017: £248,000) and employees' contributions totalled £243,000 (2017: £79,000). The agreed contribution rates for future years are 17.1% for employers and 5.5 - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.72 %	2.60 %
Rate of increase in salaries	3.31 %	2.70 %
Rate of increase for pensions in payment / inflation	2.34 %	4.20 %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2018	2017
Retiring today		
Males	22.5 - 24.0	23.4
Females	24.9 - 26.1	25.5
Retiring in 20 years		
Males	24.1 - 26.3	25.7
Females	26.7 - 28.5	27.9

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

26. PENSION COMMITMENTS (continued)

The Academy Trust's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	7,767,000	2,040,000
Gilts	1,140,000	105,000
Property	1,332,000	301,000
Cash and other liquid assets	196,000	81,000
Other	1,642,000	917,000
	<u>12,077,000</u>	<u>3,444,000</u>
Total market value of assets	<u>12,077,000</u>	<u>3,444,000</u>

The actual return on scheme assets was £795,000 (2017: £166,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2018 £	2017 £
Current service cost	(1,848,000)	(548,000)
Past service cost	(46,000)	-
Interest income	226,000	55,000
Interest cost	(457,000)	(130,000)
	<u>(2,125,000)</u>	<u>(623,000)</u>
Total	<u>(2,125,000)</u>	<u>(623,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	9,333,000	-
Upon conversion	-	7,411,000
Transferred in on existing academies joining the trust	11,456,000	-
Current service cost	1,848,000	548,000
Interest cost	457,000	130,000
Employee contributions	243,000	79,000
Actuarial (gains)/losses	(1,698,000)	1,165,000
Benefits paid	(194,000)	-
Past service costs	46,000	-
	<u>21,491,000</u>	<u>9,333,000</u>
Closing defined benefit obligation	<u>21,491,000</u>	<u>9,333,000</u>

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

26. PENSION COMMITMENTS (continued)

Movements in the fair value of the Academy Trust's share of scheme assets:

	2018 £	2017 £
Opening fair value of scheme assets	3,444,000	-
Upon conversion	-	2,896,000
Transferred in on existing academies joining the trust	7,002,000	-
Interest income	226,000	55,000
Actuarial losses	535,000	166,000
Employer contributions	821,000	248,000
Employee contributions	243,000	79,000
Benefits paid	(194,000)	-
	<u>12,077,000</u>	<u>3,444,000</u>
Closing fair value of scheme assets	<u>12,077,000</u>	<u>3,444,000</u>

27. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	86,783	53,980
Between 1 and 5 years	240,912	141,927
After more than 5 years	132,867	130,487
	<u>460,562</u>	<u>326,394</u>
Total	<u>460,562</u>	<u>326,394</u>

28. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

29. GENERAL INFORMATION

Reach South Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is UTC Plymouth, Park Avenue, Devonport, Plymouth, England, PL1 4RL.

**REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

30. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following transactions took place during the year:

During the year, the Academy Trust made purchases totalling £39,845 (2017: £155,330) for resources and services from REAch2 Academy Trust, a Trust that shares a common Member. The connected party statement of assurance has been obtained, confirming compliance with the Academies Financial Handbook, with all purchases being delivered at cost, with no element of profit. As at 31 August 2018, the Academy Trust owed REAch2 Academy Trust £1,095 (2017: £65,633).

During the year, the Academy Trust made purchases totalling £2,914 (2017: £Nil) from Theatre Royal (Plymouth) Limited, a Company that shares a common Trustee. As at 31 August 2018, the Academy Trust owed Theatre Royal (Plymouth) Limited £Nil (2017: £Nil).

31. POST BALANCE SHEET EVENTS

On 1 September 2018 Parkfield School joined the Academy Trust.

On 1 October 2018 UTC Plymouth joined the Academy Trust.

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

32. ACADEMY BOARDING TRADING ACCOUNT

	2018 £	2017 £
INCOME		
Boarding income	646,887	-
DIRECT COSTS		
Educational supplies	10,245	-
Wages and salaries	5,715	-
National insurance	464	-
Pension costs	434	-
	<u>16,858</u>	-
SUPPORT COSTS		
Recruitment and support	51,175	-
Maintenance of premises and equipment	15,000	-
Rent and rates	2,495	-
Energy costs	11,597	-
Security and transport	8,000	-
Catering	26,880	-
Office overheads	3,000	-
Legal and professional	11,639	-
Wages and salaries	379,715	-
National insurance	33,044	-
Pension costs	87,484	-
	<u>630,029</u>	-
SURPLUS/(DEFICIT) ON BOARDING	<u>-</u>	<u>-</u>

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

33. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY TRUST

The Springfields Academy

	Value reporting by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Freehold property	2,497,867	(2,497,867)	-
Long-term leasehold property	4,601,269	8,864,231	13,465,500
Improvements to property	682,945	(682,945)	-
Motor vehicles	7,703	-	7,703
Fixtures and fittings	80,529	-	80,529
Computer equipment	4,077	-	4,077
Stock	3,268	-	3,268
Debtors due within one year	174,242	(9,970)	164,272
Cash in bank and in hand	301,625	-	301,625
Liabilities			
Creditors due within one year	(561,390)	-	(561,390)
Creditors due after one year	(101,922)	-	(101,922)
Pensions			
Pensions - pension scheme assets	4,850,000	-	4,850,000
Pensions - pension scheme liabilities	(6,286,000)	-	(6,286,000)
Net assets	6,254,213	5,673,449	11,927,662

Bournemouth Primary MAT

	Value reporting by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Long-term leasehold property	12,744,000	-	12,744,000
Motor vehicles	10,117	-	10,117
Fixtures and fittings	147,090	-	147,090
Computer equipment	43,836	-	43,836
Debtors due within one year	188,047	-	188,047
Cash in bank and in hand	788,086	-	788,086
Liabilities			
Creditors due within one year	(292,317)	-	(292,317)
Pensions			
Pensions - pension scheme assets	2,152,000	-	2,152,000
Pensions - pension scheme liabilities	(5,170,000)	-	(5,170,000)
Net assets	10,610,859	-	10,610,859