

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2017

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

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**REACH SOUTH ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2017**

Members	Mr J Ellison (appointed 27 April 2016) Mr P Little (appointed 27 April 2016) Ms S Simon (appointed 27 April 2016) Prof J West-Burnham (appointed 27 April 2016, resigned 27 March 2017)
Trustees	Mr M Agius, Chair of Trustees (appointed 30 November 2016) Mr D Ashton, Chief Executive Officer (appointed 27 April 2016) Mr A Gunn (appointed 27 April 2016) Ms S English, Vice Chair of Trustees (appointed 27 April 2016) Sir S Lancashire (appointed 27 April 2016) Mr M Papworth (appointed 27 April 2016) Ms A Stevens (appointed 27 April 2016) Dr C Gentle (appointed 1 October 2016) Mr P King (appointed 25 July 2017, resigned 27 November 2017) Lady P Marland (appointed 25 July 2017) Ms B Lacey (appointed 30 November 2016) Mr A Newton (appointed 25 July 2017) Mr N Timothy (appointed 29 April 2016, resigned 21 September 2016) Mr E Lock (appointed 27 April 2016, resigned 24 March 2017) Ms G Beaver (appointed 27 November 2017)
Company registered number	10151730
Company name	Reach South Academy Trust
Principal and registered office	c/o Veale Wasbrough Vizards Narrow Quay House Narrow Quay Bristol BS1 4QA
Chief executive officer	Mr D Ashton
Senior management team	Mr D Ashton, Chief Executive Officer Ms K Alexander, Chief Financial Officer Ms M Wilkins, Head of Finance
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
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**TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2017. 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. It's academies have a combined pupil capacity of 2,549 and had a roll of 2,343 in the school census on 6 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust (incorporated on 27 April 2016 and opened as an Academy on 1 December 2016) 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 period, except as noted, are included in the Reference and Administrative Details on page 1.

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.

Trustees' Indemnities

All academies within the Academy 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 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 twelve.
- Up to eight Trustees who are appointed by members.
- Co-opted Trustees appointed by the Board.
- The Chief Executive Officer (CEO) appointed by members, providing the CEO agrees so 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 Officer. 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 2016/17

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**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017**

Trustees received briefing sessions on: The Education Landscape in England and the Nature of State Funded Schools 2-19; Primary School Performance Measurements in terms of A.R.E. and Progress; Academies Financial Handbook and Governance; Risk Management and Governance.

Organisational Structure

The Academy 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 2017/18 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, valuating and reviewing compliance with reporting and regulatory requirements. The committee also receives reports from internal and the external auditors, and provides overview and scrutiny of management 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; and 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 Board of Trustees have devolved responsibility for day to day management of the Academy Trust to the (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 comprises the CEO, Director of Finance, Head of Finance and Operations and the Director of Education. The Executive implements the policies laid down by the Trustees and reports 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 eight 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 and Stoke Damerel Primary Academy. Each academy has its

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**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017**

own Local Governing Body responsible for day- to-day operations and management 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 Academy Trust on a day-to-day basis. All Trustees give their time freely and no Trustee received remuneration in the period.

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 benchmarked against other Multi-Academy Trusts.

Related Parties and other Connected Charities and Organisations

The Academy Trust has strong 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.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy Trust is to advance education in the United Kingdom for the public benefit, in particular by establishing, maintaining, carrying on, managing and developing the following: mainstream academies offering a broad range of curriculum for pupils of different abilities; 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 Academy Trust aims to establish academies principally in the South West region of England.

Objectives, Strategies and Activities

The period to 31 August 2017 was the first period of operation for the Academy Trust and this is reflected in our first period objectives:

- To establish a minimum of three academies in an area as the basis for establishing the first geographical hub.
- Secure the Academy Trust's position as an academy sponsor.
- Secure the Academy Trust's position as a provider of special academies.
- To consider supporting or operating a University Technical College (UTC) which supports a secondary provision.
- To establish a primary and secondary school improvement strategy.
- To establish and deliver our school leadership development programme.

Our achievements against these objectives were:

- Our first geographical hub has been established in Plymouth. Eight primary academies in Plymouth joined the Academy Trust between 1 December 2016 and 1 July 2017.
- The Academy Trust was approved by the DfE to be an academy sponsor. Two of our primary academies are sponsored by the Academy Trust. The other six academies are 'converter' academies.
- The Academy Trust was approved as a sponsor to 're-broker' The Springfields Academy, a Special Academy in Wiltshire. Springfields joined the Academy Trust on 1 November 2017.
- The Academy Trust has been approached by a number of academies in Bournemouth and is considering the establishment of a regional hub in Bournemouth in the 2017/18 academic year.
- The Academy Trust is at an early stage of exploratory discussions to consider sponsorship of the a UTC.

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**TRUSTEES' REPORT (continued)
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- The Academy Trust published its primary school improvement strategy as the basis for the school improvement journey for its eight primary academies. The Academy Trust also published its secondary school improvement strategy.
- The Academy Trust's school leadership investment-training programme was delivered for its eight primary academy leadership teams and The Springfields Academy leadership team.

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 Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Academy Trust aims to advance education in the South West of England for the public benefit. During the period to 31 August 2017 the focus of the Academy Trust's objective to advance education for the public benefit has been to:

1. Establish eight primary academies in Plymouth.
2. Prepare for the establishment of a special academy in Calne, Wiltshire.
3. Actively consider the establishment of a further geographical hub of academies in the South West, for development in 2017/18, and in particular in Bournemouth.

STRATEGIC REPORT

Achievements and Performance

2016/17 was the Academy Trust's first period of operation. In order to realise its charitable objective the Academy Trust was first approved by the Regional Schools Commissioner for the South West (RSC SW) and their Headteacher Board (HTB) to establish as a Multi Academy Trust (MAT) as defined in the Academies Act 2010. The RSC SW approved the Academy Trust to be an academy sponsor on 17 October 2016. The Academy Trust's key performance indicator for the year was to establish its first academies:

Academy	Date Joined	Type of Academy	Previous Status
High Street Primary	01/12/2016	Sponsored	LA Maintained - SWPET Foundation Trust
Goosewell Primary	01/01/2017	Sponsored	LA Maintained
Morice Town Primary	01/01/2017	Converter	LA Maintained - SWPET Foundation Trust
Marlborough Primary	01/01/2017	Converter	LA Maintained - SWPET Foundation Trust
Drake Primary	01/04/2017	Converter	LA Maintained - SWPET Foundation Trust
Pilgrim Primary	01/04/2017	Converter	LA Maintained - SWPET Foundation Trust
Stoke Damerel Primary	01/07/2017	Converter	LA Maintained - ETE Foundation Trust
Stuart Road Primary	01/07/2017	Converter	LA Maintained - ETE Foundation Trust

The Academy Trust did not have any connections with the academies' predecessor schools prior to the establishment of the Academy Trust. Initial identification of prospective schools that might join the Academy Trust followed consultations with the RSC SW and direct approaches from the schools. The Academy Trust then carried out education, financial, staffing and premises due diligence so that Trustees were able to make a fully informed decision before approving a school to join the Academy Trust. Approval from the office of the Regional Schools Commissioner (RSC) was required for an academy to join the Academy Trust. Approval by the RSC was subject to them being satisfied that the Academy Trust had the capacity to support the school and was taken in consultation with the RSC Headteacher Board.

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**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017**

Key Performance Indicators

The educational achievement of pupils in 2017, at the end of key stage 2, sets The Academy Trust's baseline data for school improvement targets.

Academy	Number of pupils eligible for KS2 assessment	Reading, writing and mathematics - attainment % of pupils achieving the expected standard	Individual Subjects - Attainment			
			Reading: % of pupils achieving expected standard	Writing: % of pupils achieving expected standard	Maths: % of pupils achieving expected standard	GPS: % of pupils achieving expected standard
Trust Average	295	46%	57%	51%	58%	58%
Stuart Road	27	67%	74%	70%	78%	74%
Stoke Damerel	59	60%	60%	78%	72%	74%
Drake	29	55%	73%	72%	65%	69%
High Street	26	15%	23%	58%	37%	42%
Goosewell	86	57%	65%	71%	73%	77%
Pilgrim	25	44%	63%	41%	70%	59%
Morice Town	25	28%	52%	48%	28%	28%
Marlborough	18	33%	44%	44%	44%	39%
Plymouth City		59%	69%	74%	72%	75%
National		61%	71%	76%	75%	77%

The percentage of pupils achieving the expected standard at the end of key stage 2 demonstrates significant variation. Overall, 46% of the pupils at schools that joined Reach South achieved the expected standard compared to 59% across Plymouth and 61% nationally. The Academy Trust's aim is to now develop the academies from this baseline of performance:

- Each academy has been set pupil progress targets for 2017/18.
- All academy headteachers undertook a leadership development programme focused on leading professional development in their schools.
- All academy leaders began professional development through the Academy Trust's 'leadership investment training' programme.
- All teachers and teaching assistants began a two-year training process for the development of 'Visible Learning+' as a structured approach to pedagogy in all of our classrooms.

The main financial performance indicator is the level of free reserves held by each of the individual schools at the Balance Sheet date. In the period under review, free reserves of £516K was carried forward representing 6% of annualised GAG. In the 2017/18 academic year a KPI has been set for each academy to generate an in-year surplus of at least 2% of total income.

Another key financial performance indicator is staffing costs as a percentage of total costs, which was 74.9% for the period to 31 August 2017. In the 2017/18 academic year a KPI has been set for each academy to not exceed a ratio of staff costs to total costs of 75%.

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 Going Concern policy.

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**TRUSTEES' REPORT (continued)
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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 period ended 31 August 2017 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 period ended 31 August 2017, The Academy Trust received total income of £26.2m (including fixed assets of £23.6m and the £4.5m pension deficit on conversion) and incurred total expenditure of £6.8m. The excess of income over expenditure for the year was £19.4m.

At 31 August 2017 the net book value of fixed assets was £23.4m 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.

The land, buildings and other assets were transferred to the Academy Trust upon conversion. Land and buildings were professionally valued on conversion at £23.1m. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The £528k balance of the former schools' budget share was transferred across on conversion and is shown as Unrestricted Funds.

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 25 to the financial statements.

Key financial policies adopted or reviewed during the period include Financial Procedures and the Financial Scheme of Delegation, which lay out the framework for financial management, including financial responsibilities of the Board, Headteachers, managers, budget holders and other staff, as well as delegated authority for spending.

Reserves Policy

The Trustees review the reserve levels of the Academy Trust 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 Trust; the uncertainty over future income streams; and other key risks identified during the risk review. The first review for the Academy Trust will take place in the Spring term of the 2017/18 academic year, being one year from inception. The Academy Trust will aim to maintain free reserves at 5% of GAG.

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.

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.

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017**

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy Trust are as follows:

Financial

1. The Academy Trust has considerable reliance on continued Government funding through the ESFA. In the last period 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 Academy 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 the Academy Trust's 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 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 an internal auditor to carry out checks on financial systems and records as required by the Academy 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 period 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 academies' 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.

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**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017**

At the period-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 contained.

PLANS FOR FUTURE PERIODS

The Academy Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy Trust will continue to work with partner schools to improve the educational opportunities for students in the wider community.

The Academy Trust began operating its first Special Academy on 1 November 2017. The Academy Trust was approved as a sponsor of The Springfields Academy in Wiltshire. Springfields offers day and residential provision for pupils with social and emotional difficulties and/or high functioning autistic spectrum disorders. All pupils have a statement of special educational needs or an education, health and care plan.

The Academy Trust is exploring the establishment of a second regional hub of academies centred in Bournemouth. A number of primary academies in Bournemouth have approached the Academy Trust and are in early discussions about potentially joining the Academy Trust. The Academy Trust has had very positive discussions with Bournemouth Borough Council about establishing a presence in the area.

The Academy Trust has been exploring the sponsorship a UTC. Early discussions have begun with the Baker Dearing Trust, the Office of the RSC SW, DfE and the ESFA.

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.

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, approved by order of the Board of Trustees, as company directors, on 15 December 2017 and signed on the board's behalf by:



**Mr M Agius
Chair of Trustees**

**REACH SOUTH ACADEMY TRUST
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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 5 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Agius, Chair of Trustees	5	5
Mr D Ashton, Chief Executive Officer	5	5
Mr A Gunn	3	5
Ms S English, Vice Chair of Trustees	5	5
Sir S Lancashire	5	5
Mr M Papworth	4	5
Ms A Stevens	4	5
Dr C Gentle	4	4
Mr P King	0	1
Lady P Marland	0	1
Ms B Lacey	3	3
Mr A Newton	1	1
Mr N Timothy	0	1
Mr E Lock	1	3
Ms G Beaver	0	0

The original Board of Trustees was composed of eight Trustees appointed by Members. A skills audit took place to identify gaps in the skill-set of the founding Trustees and this informed the appointment of a further three Trustees (including the Chair) by 30 November. Following two resignations and a second skills audit, another three Trustees were appointed to bring the total to the intended number of twelve. In the 2017/18 academic year it is the CEO's intention to step down as a Trustee once another Trustee has been identified to take his place. The Board of Trustees plans to conduct a formal review of its effectiveness within a year of being at full capacity.

The Academy Trust established the following four sub-committees to the Board of Trustees that meet once a term:

- Finance sub-committee
- Risk and Audit sub-committee
- Human Resources sub-committee
- Education Standards & Performance sub-committee

Each sub-committee comprises four Trustees, one of whom is the sub-committee Chair, and the first and only meeting for the year was held in the summer term. Each sub-committee Chair presents a report of key findings and action taken to the Board of Trustees.

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GOVERNANCE STATEMENT (continued)

The Finance sub-committee's main duties include:

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

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

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Agius, Chair of Trustees	1	1
Mr D Ashton, Chief Executive Officer	1	1
Mr A Gunn	1	1
Dr C Gentle, Chair of Committee	1	1

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 period was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Ashton, Chief Executive Officer	1	1
Ms S Inghis, Chair of Committee	1	1
Sir S Lancashire	1	1
Mr M Papworth	0	1

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

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(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

- 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 period 27 April 2016 to 31 August 2017 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 period 27 April 2016 to 31 August 2017 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 to appoint Bishop Fleming LLP as internal auditor.

The internal auditor'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 quarterly basis, the internal auditor reports 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.

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

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- 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 15 December 2017 and signed on their behalf, by:



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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 2016.

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 2016.

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: 15 December 2017

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2017**

The Trustees (who act as governors of Reach South Academy Trust and 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 and 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 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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: 15 December 2017

**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 for the period ended 31 August 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 Auditor's 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.

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 2017 and of its incoming resources and application of resources, including its income and expenditure for the period 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF 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 Auditor's 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 Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

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 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 for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have 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' remunerations specified by law 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's or to cease operations, or have no realistic alternative but to do so.

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

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

AUDITOR'S 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 Auditor's 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. The description forms part of our Auditor's report.



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: 21/12/17

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

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

In accordance with the terms of our engagement letter dated 15 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 period 27 April 2016 to 31 August 2017 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 2016, 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 2016 to 2017. 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 period 27 April 2016 to 31 August 2017 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 2016 to 2017 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 AND 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 period 27 April 2016 to 31 August 2017 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: 21/12/17

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2017**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	
INCOME FROM:					
Donations & capital grants:					
Transfers from Local Authority on Conversion	2	528,459	(4,515,000)	23,670,938	19,684,397
Other donations and capital grants	2	15,238	83,977	2,000	101,215
Charitable activities	3	196,819	6,195,488	-	6,392,307
Other trading activities	4	5,119	-	-	5,119
Investments	5	329	-	-	329
TOTAL INCOME	745,964	1,764,465	23,672,938	26,183,367	
EXPENDITURE ON:					
Charitable activities		311,530	6,284,094	228,503	6,824,127
TOTAL EXPENDITURE	6	311,530	6,284,094	228,503	6,824,127
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between Funds	19	434,434	(4,519,629)	23,444,435	19,359,240
		-	(38,717)	38,717	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
Actuarial losses on defined benefit pension schemes	25	434,434	(4,558,346)	23,483,152	19,359,240
		-	(999,000)	-	(999,000)
NET MOVEMENT IN FUNDS		434,434	(5,557,346)	23,483,152	18,360,240
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		434,434	(5,557,346)	23,483,152	18,360,240

All of the Academy Trust's activities derive from acquisitions in the current financial period.

The notes on pages 24 to 55 form part of these financial statements.

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

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	£	2017 £
FIXED ASSETS			
Tangible assets	15		23,381,038
CURRENT ASSETS			
Debtors	16	794,877	
Cash at bank and in hand		1,073,962	
		<u>1,868,839</u>	
CREDITORS: amounts falling due within one year	17	<u>(1,000,637)</u>	
NET CURRENT ASSETS			<u>868,202</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>24,249,240</u>
Defined benefit pension scheme liability	25		<u>(5,889,000)</u>
NET ASSETS			<u><u>18,360,240</u></u>
FUNDS OF THE ACADEMY TRUST			
Restricted funds:			
General funds	19	331,654	
Fixed asset funds	19	23,483,152	
		<u>23,814,806</u>	
Restricted funds excluding pension reserve			
Pension reserve	19	<u>(5,889,000)</u>	
Total restricted funds			17,925,806
Unrestricted funds	19		<u>434,434</u>
TOTAL FUNDS			<u><u>18,360,240</u></u>

The financial statements on pages 21 to 55 were approved by the Trustees, and authorised for issue, on 15 December 2017 and are signed on their behalf, by:



**Mr M Agius
Chair of Trustees**

The notes on pages 24 to 55 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2017**

	Note	2017 £
Cash flows from operating activities		
Net cash provided by operating activities	22	<u>485,984</u>
Cash flows from investing activities:		
Interest received		326
Purchase of tangible fixed assets		(88,281)
Capital grants from DfE/ESFA		43,594
Capital funding received from sponsors and others		<u>2,000</u>
Net cash used in investing activities		<u>(42,361)</u>
Cash transferred on conversion to an Academy Trust		
Cash transferred from Local Authority	21	<u>630,339</u>
Net cash provided by financing activities		<u>630,339</u>
Change in cash and cash equivalents in the period		1,073,962
Cash and cash equivalents brought forward		<u>-</u>
Cash and cash equivalents carried forward	23	<u><u>1,073,962</u></u>

The notes on pages 24 to 55 form part of these financial statements.

All of the cash flows are derived from acquisitions in the current financial period.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

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 2016 to 2017 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 PERIOD ENDED 31 AUGUST 2017**

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 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 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 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 PERIOD ENDED 31 AUGUST 2017**

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
Long term leasehold property	-	Land: 125 years/lease term; Buildings: 50 years straight line
Furniture and equipment	-	25% straight line
Computer equipment	-	33% straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

On conversion the Academy Trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the Local Authority school, Goosewell Primary Academy. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

On conversion the Academy Trust was granted the freehold from the Local Authority for the land and buildings previously occupied by the Local Authority schools, Drake Primary Academy, High Street Primary Academy, Marlborough Primary Academy, Morice Town Primary Academy, Pilgrim Primary Academy, Stoke Damerel Primary Academy and Stuart Road Primary Academy. On conversion the freehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

1.6 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.

1.7 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 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 16. 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 note 17. 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.

1.10 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.11 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 25, 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.

1.12 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 and include grants from the Department for Education.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.13 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 25, 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 2017. 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.

1.14 OPERATING LEASES

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

1.15 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the predecessor schools to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted funds and restricted fixed asset funds.

Land and Buildings have been included as per the valuation by the ESFA whilst other fixed assets have been included at amounts valued by the Trustees. Pension assets and liabilities have been valued by Barnett Waddingham LLP.

Further details of the transaction are set out in note 21.

**REACH SOUTH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Transfers from Local Authority on Conversion	528,459	(4,515,000)	23,670,938	19,684,397
Donations	15,238	40,383	-	55,621
Capital Grants	-	43,594	2,000	45,594
Subtotal	15,238	83,977	2,000	101,215
	543,697	(4,431,023)	23,672,938	19,785,612

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Education	48,631	6,174,715	6,223,346
Nursery	148,188	20,773	168,961
	<u>196,819</u>	<u>6,195,488</u>	<u>6,392,307</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
DfE/ESFA grants			
General Annual Grant	-	4,696,118	4,696,118
Start up Grants	-	351,781	351,781
Other DfE/ESFA grants	-	1,001,700	1,001,700
Sales to students	7,161	-	7,161
	<u>7,161</u>	<u>6,049,599</u>	<u>6,056,760</u>
Other government grants			
High Needs	-	95,698	95,698
Other government grants - non capital	-	29,418	29,418
	<u>-</u>	<u>125,116</u>	<u>125,116</u>
Other funding			
Other	41,470	-	41,470
	<u>41,470</u>	<u>-</u>	<u>41,470</u>
	<u>48,631</u>	<u>6,174,715</u>	<u>6,223,346</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Lettings	5,092	-	5,092
External Catering	27	-	27
	<u>5,119</u>	<u>-</u>	<u>5,119</u>

REACH SOUTH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Bank interest	329	-	329

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Education:				
Direct costs	3,342,864	133,231	216,294	3,692,389
Support costs	1,561,677	360,717	904,006	2,826,400
Nursery:				
Direct costs	221,552	2,719	-	224,271
Support costs	64,546	4,245	12,276	81,067
	<u>5,190,639</u>	<u>500,912</u>	<u>1,132,576</u>	<u>6,824,127</u>

7. DIRECT COSTS

	Education £	Nursery £	Total 2017 £
Pension finance costs	47,000	-	47,000
Educational supplies	64,319	-	64,319
Examination fees	3,342	-	3,342
Other costs	93,519	-	93,519
Supply teachers	89,086	-	89,086
Technology costs	8,114	-	8,114
Wages and salaries	2,519,880	177,677	2,697,557
National insurance	172,067	18,818	190,885
Pension cost	561,831	25,057	586,888
Depreciation	133,231	2,719	135,950
	<u>3,692,389</u>	<u>224,271</u>	<u>3,916,660</u>

REACH SOUTH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

8. SUPPORT COSTS

	Education £	Nursery £	Total 2017 £
Pension finance costs	28,000	-	28,000
Staff development	7,824	69	7,893
Other costs	9,415	183	9,598
Recruitment and support	28,307	53,404	81,711
Maintenance of premises and equipment	37,479	323	37,802
Cleaning	62,176	1,051	63,227
Rent and rates	47,389	350	47,739
Energy costs	65,217	702	65,919
Insurance	41,046	379	41,425
Security and transport	16,099	198	16,297
Catering	130,489	1,358	131,847
Technology costs	124,222	1,770	125,992
Office overheads	45,088	472	45,560
Legal and professional	483,628	6,662	490,290
Bank interest and charges	123	-	123
Governance	46,910	606	47,516
Wages and salaries	1,135,396	8,803	1,144,199
National insurance	100,369	1,189	101,558
Pension cost	325,912	2,306	328,218
Depreciation	91,311	1,242	92,553
	<u>2,826,400</u>	<u>81,067</u>	<u>2,907,467</u>

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £
Depreciation of tangible fixed assets: - owned by the Academy Trust	228,503
Auditors' remuneration - audit	9,750
Auditors' remuneration - other services	12,570
Operating lease rentals	6,876
	<u>257,699</u>

10. OTHER FINANCE INCOME

	2017 £
Interest income on pension scheme assets	55,000
Interest on pension scheme liabilities	(130,000)
	<u>(75,000)</u>

**REACH SOUTH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

11. STAFF COSTS

Staff costs were as follows:

	2017 £
Wages and salaries	3,830,560
Social security costs	292,443
Operating costs of defined benefit pension schemes	915,106
	<u>5,038,109</u>
Apprenticeship levy	11,196
Supply teacher costs	89,086
Staff restructuring costs	52,248
	<u><u>5,190,639</u></u>

Staff restructuring costs comprise:

	2017 £
Redundancy payments	52,248
	<u><u>52,248</u></u>

All of the restructuring costs relate to contractual redundancy and respective pension strain payments costs.

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

	2017 No.
Teachers	59
Educational Support	95
Administration and support	55
Management	6
	<u>215</u>
	<u><u>215</u></u>

Average headcount expressed as a full time equivalent:

	2017 No.
Teachers	52
Educational Support	54
Administration and support	24
Management	5
	<u>135</u>
	<u><u>135</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

11. STAFF COSTS (continued)

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

	2017 No.
In the band £80,001 - £90,000	1

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's National Insurance and pension contributions) received by key management personnel for their services to the Academy Trust was £129,822.

12. 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 £80,000 - £85,000, Employer's pension contributions £15,000 - £20,000. Other related party transactions involving the Trustees are set out in note 29.

During the period, no Trustees received any benefits in kind.

During the period, expenses totalling £693 were reimbursed to 3 Trustees.

13. 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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14. 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:

	2017
	£
Drake Primary Academy	22,750
Goosewell Academy	92,241
High Street Primary Academy	44,787
Marlborough Primary Academy	42,292
Morice Town Primary Academy	41,355
Pilgrim Primary Academy	37,242
Stoke Damerel Primary Academy	16,047
Stuart Road Primary Academy	8,518
Total	<u><u>305,232</u></u>

**REACH SOUTH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

15. TANGIBLE FIXED ASSETS

	Freehold property £	Long term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
COST					
Additions	-	-	83,208	5,073	88,281
Transfers from Local Authority on conversion	17,554,217	5,593,927	203,690	169,426	23,521,260
At 31 August 2017	<u>17,554,217</u>	<u>5,593,927</u>	<u>286,898</u>	<u>174,499</u>	<u>23,609,541</u>
DEPRECIATION					
At 27 April 2016	-	-	-	-	-
Charge for the period	115,788	61,236	25,337	26,142	228,503
At 31 August 2017	<u>115,788</u>	<u>61,236</u>	<u>25,337</u>	<u>26,142</u>	<u>228,503</u>
NET BOOK VALUE					
At 31 August 2017	<u><u>17,438,429</u></u>	<u><u>5,532,691</u></u>	<u><u>261,561</u></u>	<u><u>148,357</u></u>	<u><u>23,381,038</u></u>

16. DEBTORS

	2017 £
Trade debtors	730
VAT Recoverable	251,963
Other debtors	1,686
Prepayments and accrued income	540,498
	<u>794,877</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £
Trade creditors	422,142
Other taxation and social security	147,574
Other creditors	25,949
Accruals and deferred income	404,972
	<u>1,000,637</u>
	£
DEFERRED INCOME	
Resources deferred during the year	<u>170,542</u>

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

**REACH SOUTH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

18. FINANCIAL INSTRUMENTS

	2017
	£
Financial assets measured at fair value through income and expenditure	1,073,962
Financial assets measured at amortised cost	534,699
	1,608,661
	829,032

Financial assets measured at fair value through income and expenditure comprises cash at bank and in hand.

Financial assets measured at amortised cost comprises total current assets excluding prepayments.

Financial liabilities measured at amortised cost comprises total liabilities excluding deferred income.

REACH SOUTH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

19. STATEMENT OF FUNDS

	Balance at 27 April 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
UNRESTRICTED FUNDS						
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

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

Restricted funds

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy Trust, including education and support costs.

Start Up Grant - This represents one off funding received from the ESFA to contribute to the cost of converting from a school to an academy.

Other DfE/ESFA - This 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

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

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 Academy Trust's assets

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

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

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 Trust'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 Trust. The Academy Trust is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

Restricted Fixed Asset funds

Fixed assets transferred on conversion - This represents the land, buildings, furniture and equipment donated to the Academy Trust from the Local Authority on conversion to an Academy Trust.

Capital funding transferred on conversion - This represents the element of the cash transferred across on conversion that was previously set aside for capital purposes.

Fixed assets purchased from GAG - this represents the net book value of fixed assets funded using the General Annual Grant from the ESFA.

Devolved Formula Capital - This represents funding from the ESFA to cover the purchase of the Academy Trust's assets.

Other - This represents donations received to be spent on capital assets.

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 2017.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £
Drake Primary Academy	15,894
Goosewell Primary Academy	131,954
High Street Primary Academy	(12,207)
Marlborough Primary Academy	127,878
Morice Town Primary Academy	105,354
Pilgrim Primary Academy	95,888
Stoke Damerel Primary Academy	66,339
Stuart Road Primary Academy	(15,093)
Central Function	250,081
	<hr/>
Total before fixed asset fund and pension reserve	766,088
Restricted fixed asset fund	23,483,152
Pension reserve	(5,889,000)
	<hr/>
Total	18,360,240
	<hr/> <hr/>

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
High Street Primary Academy	(12,207)
Stuart Road Primary Academy	(15,093)

High Street Primary Academy joined the Academy Trust on 1 December 2016 with a predicted period end carry forward deficit of £45k, underpinned by staffing costs at 85% of total income, indicating a structural deficit and a need to restructure.

Stuart Road Primary Academy joined the Academy Trust on 1 July 2017 with a brought forward revenue deficit from the Local Authority.

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

High Street

The restructure process formally commenced in the summer term of 2016/17 and continues into the autumn term of 2017/18. The academy also actively reduced non-essential non-staffing expenditure which contributed towards the deficit being halved. It is anticipated that the academy will be break-even for the 2017/18 academic year and return to a carry forward revenue surplus position by 31 August 2019.

Stuart Road

The Head of Finance, Head of HR and Regional Director of Education are currently working with the headteacher to review the 2017/18 budget against the academy's strategic school improvement plan and take appropriate steps to ensure the academy returns to a carry-forward revenue surplus position by 31 August 2019.

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NOTES TO THE FINANCIAL STATEMENTS
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19. 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 depreciation £	Total 2017 £
Drake Primary Academy	189,899	155,365	9,260	83,479	438,003
Goosewell Primary Academy	1,120,654	280,256	16,011	199,164	1,616,085
High Street Primary Academy	431,994	297,131	3,810	188,934	921,869
Marlborough Primary Academy	397,773	165,588	4,592	155,953	723,906
Morice Town Primary Academy	362,236	225,572	17,262	166,314	771,384
Pilgrim Primary Academy	365,949	185,758	3,384	103,216	658,307
Stoke Damerel Primary Academy	144,826	56,158	7,653	68,246	276,883
Stuart Road Primary Academy	53,447	63,873	2,347	34,299	153,966
Central Function	-	252,826	-	407,395	660,221
	<u>3,066,778</u>	<u>1,682,527</u>	<u>64,319</u>	<u>1,407,000</u>	<u>6,220,624</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	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)
Provisions for liabilities and charges	-	(5,889,000)	-	(5,889,000)
	<u>434,434</u>	<u>(5,557,346)</u>	<u>23,483,152</u>	<u>18,360,240</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. CONVERSION TO AN ACADEMY TRUST

HIGH STREET PRIMARY ACADEMY

On 1 December 2016 High Street Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Reach South Academy Trust from Plymouth City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	2,244,101	2,244,101
- Other tangible fixed assets	-	-	33,525	33,525
Budget surplus on LA funds	49,982	-	21,156	71,138
Budget surplus on other school funds	10,344	-	-	10,344
LGPS pension (deficit)	-	(362,000)	-	(362,000)
Net assets/(liabilities)	<u>60,326</u>	<u>(362,000)</u>	<u>2,298,782</u>	<u>1,997,108</u>

The above net assets/(liabilities) include £64,545 that was transferred as cash.

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

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FOR THE PERIOD ENDED 31 AUGUST 2017**

GOOSEWELL ACADEMY

On 1 January 2017 Goosewell School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Reach South Academy Trust from Plymouth City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	5,593,928	5,593,928
- Other tangible fixed assets	-	-	96,407	96,407
Budget surplus on LA funds	90,966	-	14,615	105,581
Budget surplus on other school funds	5,108	-	-	5,108
LGPS pension (deficit)	-	(1,263,000)	-	(1,263,000)
	<u>96,074</u>	<u>(1,263,000)</u>	<u>5,704,950</u>	<u>4,538,024</u>
Net assets/(liabilities)				

The above net assets/(liabilities) include £103,686 that was transferred as cash.

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MARLBOROUGH PRIMARY ACADEMY

On 1 January 2017 Marlborough Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Reach South Academy Trust from Plymouth City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	1,435,591	1,435,591
- Other tangible fixed assets	-	-	31,120	31,120
Budget surplus on LA funds	58,371	-	5,995	64,366
Budget surplus on other school funds	3,956	-	-	3,956
LGPS pension (deficit)	-	(193,000)	-	(193,000)
	<u>62,327</u>	<u>(193,000)</u>	<u>1,472,706</u>	<u>1,342,033</u>
Net assets/(liabilities)	<u>62,327</u>	<u>(193,000)</u>	<u>1,472,706</u>	<u>1,342,033</u>

The above net assets/(liabilities) include £63,302 that was transferred as cash.

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MORICE TOWN PRIMARY ACADEMY

On 1 April 2017 Morice Town Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Reach South Academy Trust from Plymouth City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	1,856,305	1,856,305
- Other tangible fixed assets	-	-	33,686	33,686
Budget surplus on LA funds	59,055	-	14,840	73,895
Budget surplus on other school funds	41,785	-	-	41,785
LGPS pension (deficit)	-	(400,000)	-	(400,000)
	<u>100,840</u>	<u>(400,000)</u>	<u>1,904,831</u>	<u>1,605,671</u>
Net assets/(liabilities)				

The above net assets/(liabilities) include £111,650 that was transferred as cash.

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PILGRIM PRIMARY ACADEMY

On 1 April 2017 Pilgrim Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Reach South Academy Trust from Plymouth City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	4,032,946	4,032,946
- Other tangible fixed assets	-	-	49,246	49,246
Budget surplus on LA funds	81,539	-	23,758	105,297
Budget surplus on other school funds	9,301	-	-	9,301
LGPS pension (deficit)	-	(646,000)	-	(646,000)
	<u>90,840</u>	<u>(646,000)</u>	<u>4,105,950</u>	<u>3,550,790</u>
Net assets/(liabilities)				

The above net assets/(liabilities) include £116,047 that was transferred as cash.

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DRAKE PRIMARY ACADEMY

On 1 April 2017 Drake Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Reach South Academy Trust from Plymouth City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	2,635,756	2,635,756
- Other tangible fixed assets	-	-	32,884	32,884
Budget surplus on LA funds	23,706	-	8,968	32,674
Budget surplus on other school funds	10,861	-	-	10,861
LGPS pension (deficit)	-	(431,000)	-	(431,000)
	<u>34,567</u>	<u>(431,000)</u>	<u>2,677,608</u>	<u>2,281,175</u>
Net assets/(liabilities)				

The above net assets/(liabilities) include £42,841 that was transferred as cash.

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NOTES TO THE FINANCIAL STATEMENTS
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STOKE DAMEREL PRIMARY ACADEMY

On 1 July 2017 Stoke Damerel Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Reach South Academy Trust from Plymouth City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	3,612,908	3,612,908
- Other tangible fixed assets	-	-	61,758	61,758
Other assets	-	-	-	-
Budget surplus on LA funds	71,884	-	41,052	112,936
Budget surplus on other school funds	4,967	-	-	4,967
LGPS pension (deficit)	-	(810,000)	-	(810,000)
	<u>76,851</u>	<u>(810,000)</u>	<u>3,715,718</u>	<u>2,982,569</u>
Net assets/(liabilities)	<u>76,851</u>	<u>(810,000)</u>	<u>3,715,718</u>	<u>2,982,569</u>

The above net assets/(liabilities) include £110,571 that was transferred as cash.

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STUART ROAD PRIMARY ACADEMY

On 1 July 2017 Stuart Road Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Reach South Academy Trust from Plymouth City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	1,736,610	1,736,610
- Other tangible fixed assets	-	-	34,489	34,489
Budget surplus on LA funds	3,755	-	19,294	23,049
Budget surplus on other school funds	2,879	-	-	2,879
LGPS pension (deficit)	-	(410,000)	-	(410,000)
	<u>6,634</u>	<u>(410,000)</u>	<u>1,790,393</u>	<u>1,387,027</u>
Net assets/(liabilities)				

The above net assets/(liabilities) include £17,697 that was transferred as cash.

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

	2017 £
Net income for the year (as per Statement of Financial Activities)	19,359,240
Adjustment for:	
Depreciation charges	228,503
Dividends, interest and rents from investments	(326)
Increase in debtors	(794,877)
Increase in creditors	1,000,637
Capital grants from DfE and other capital income	(45,594)
Defined benefit pension scheme obligation inherited	4,515,000
Defined benefit pension scheme cost less contributions payable	300,000
Defined benefit pension scheme finance cost	75,000
Net income on assets and liabilities from local authority on conversion	(24,151,599)
Net cash provided by operating activities	<u>485,984</u>

**REACH SOUTH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £
Cash at bank and in hand	1,073,962
Total	<u>1,073,962</u>

24. CAPITAL COMMITMENTS

At 31 August 2017 the Academy Trust had capital commitments as follows:

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

25. 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 Barnett Waddingham. Both are multi-employer Defined Benefit Pension Schemes.

As described in note 21 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the the period to 31 August 2017. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

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

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25. PENSION COMMITMENTS (continued)

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:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 16.48%)
- 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%.

During the previous year the employer contribution rate was 14.1%. 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 £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 a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy 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 period ended 31 August 2017 was £327,000, of which employer's contributions totalled £248,000, and employees' contributions totalled £79,000. The agreed contribution rates for future years are 17.9% for employers and 5.5 - 7.5% 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:

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

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25. PENSION COMMITMENTS (continued)

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

	2017
Retiring today	
Males	23.4
Females	25.5
Retiring in 20 years	
Males	25.7
Females	27.9

Sensitivity analysis	At 31 August 2017 £
Discount rate +0.1%	9,087,000
Discount rate -0.1%	9,586,000
Mortality assumption - 1 year increase	9,631,000
Mortality assumption - 1 year decrease	9,045,000
CPI rate +0.1%	9,395,000
CPI rate -0.1%	9,272,000

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

	Fair value at 31 August 2017 £
Equities	2,040,000
Gilts	105,000
Property	301,000
Cash and other liquid assets	81,000
Other	917,000
Total market value of assets	<u>3,444,000</u>

The actual return on scheme assets was £166,000.

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

	2017 £
Current service cost	(548,000)
Interest income	55,000
Interest cost	(130,000)
Total	<u>(623,000)</u>

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25. PENSION COMMITMENTS (continued)

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

	2017 £
Current service cost	548,000
Interest cost	130,000
Actuarial losses	1,165,000
	<hr/>
Closing defined benefit obligation	1,843,000
	<hr/> <hr/>

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

	2017 £
Actuarial losses	166,000
Employer contributions	248,000
	<hr/>
Closing fair value of scheme assets	414,000
	<hr/> <hr/>

26. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £
AMOUNTS PAYABLE:	
Within 1 year	53,980
Between 1 and 5 years	141,927
After more than 5 years	130,487
	<hr/>
Total	326,394
	<hr/> <hr/>

27. 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.

28. GENERAL INFORMATION

Reach South Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is C/O Veale Wasbrough Vizards Narrow Quay House, Narrow Quay, Bristol, United Kingdom, BS1 4QA.

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29. 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 the Academy Trust 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.

During the period, the Academy Trust made purchases totalling £155,330 for resources and services from REAch2 Academy Trust, a Trust that share 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 2017, the Academy Trust owed REAch2 Academy Trust £65,633.

30. POST BALANCE SHEET EVENTS

On 1 November 2017 The Springfields Academy joined the Academy Trust.

31. CONTROLLING PARTY

The ultimate controlling party is the Board of Trustees.

