

**Company Registration Number: 10151730** (England & Wales)

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**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**

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<b>Members</b>	Mr J Ellison Mr P Little (resigned 8 April 2019) Ms S Simon Sir S Lancashire (appointed 8 April 2019)
<b>Trustees</b>	Mr M Agius, Chair of Trustees <sup>1</sup> Mr D Ashton, Chief Executive Officer <sup>1,3,4</sup> Mr A Gunn <sup>1,3</sup> Ms S Inghish, Vice Chair of Trustees <sup>2</sup> Sir S Lancashire (resigned 9 July 2019) <sup>2,4</sup> Mr M Papworth <sup>2</sup> Ms A Stevens <sup>3,4</sup> Dr C Gentle <sup>1,3</sup> Lady P Marland <sup>4</sup> Ms B Lacey <sup>1,4</sup> Mr A Newton <sup>3,4</sup> Ms G Beaver <sup>2</sup>  <sup>1</sup> Finance <sup>2</sup> Risk & Audit <sup>3</sup> HR <sup>4</sup> Education, Performance and Standards
<b>Company registered number</b>	10151730
<b>Company name</b>	Reach South Academy Trust
<b>Principal and registered office</b>	C/O UTC Plymouth Park Avenue Devonport Plymouth Devon PL1 4RL
<b>Chief executive officer</b>	Mr D Ashton
<b>Senior management team</b>	Mr D Ashton, Chief Executive Officer Ms M Wilkins, Director of Finance Ms O Frings, Director of HR Mr M Elms, Director of Primary Education Mr I Carnwell, Director of Learning Environment
<b>Independent auditors</b>	Bishop Fleming LLP Chartered Accountants Statutory Auditors Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN

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

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates eight primary academies and one University Technical College in Plymouth; two primary academies and one all-through 4-16 academy in Bournemouth, Poole and Christchurch; and a special academy in Wiltshire. Its academies have a combined pupil capacity of 5,535 and had a roll of 4,245 in the school census on 28th October 2019.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

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

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

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

**Members' liability**

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

**Trade union facility time**

**Relevant union officials**

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

**Percentage of time spent on facility time**

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

Percentage of pay bill spent on facility time	£
Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**REACH SOUTH ACADEMY TRUST  
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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Trustees' Indemnities**

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

RPA cover applies to the central infrastructure of the MAT as well as the individual academies. The RPA provides indemnity for Trustees/Governors to a maximum aggregated value of £10,000,000 during any one membership year.

**TRUSTEES**

**Method of Recruitment and Appointment or Election of Trustees**

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

- The number of Trustees shall be not less than three and the maximum number shall be 12.
- Up to eight Trustees who are appointed by members.
- Co-opted Trustees appointed by the Board.
- The CEO appointed by members, providing the CEO agrees 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. 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'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 2018-19 Trustees received briefing sessions on:

- Pupil safeguarding and focus on e-safety
- Pupil behaviour management
- Academy conversions, sponsorships and mergers
- Academies financial management

**Organisational Structure**

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

During the period of this report the Board of Trustees also acted as a Regional Board.

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Multi 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.

TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019

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- **Risk and Audit Committee** - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing compliance with reporting and regulatory requirements. The committee also receives reports from the internal audit 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 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 and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the CEO and Clerk to the Trustees, to approve the Annual Development Plan and budget.

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

The Board of Trustees have devolved responsibility for day to day management of the Academy to the CEO and Executive Team through the 'Term of Reference for Delegation to the Executive'.

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

The Academy has a leadership structure which consists of the Trustees, Executive Team and Academy Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. Each academy has its own Local Governing Body responsible for day to day overview and scrutiny of the school's budget.

The Chief Executive Officer (CEO) is the Accounting Officer.

**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

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

Details of Trustees' expenses and remuneration are disclosed in the accounts in note 13.

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

**Connected Organisations, including Related Party Relationships**

There are no 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 for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing mainstream academies offering a broad range of curriculum for pupils of different abilities; as well as special academies organised to make special educational provision for pupils with special educational needs; and 16-19 academies offering a curriculum appropriate to the needs of their students. The Trust aims to establish academies principally in the South West region of England.

### **Objectives, Strategies and Activities**

The Trustees set a three-year strategic plan for the period September 2018-August 2021. The strategic plan set out a clear vision for the Trust and seven strategic priorities:

1. Every pupil makes progress.
2. Develop a STEAM (science, technology, engineering, arts and maths) curriculum to raise aspiration through relevant pathways.
3. Strengthen effective school intervention capacity.
4. Growth strategy.
5. Implement shared central services.
6. A people strategy for talent.
7. An estates strategy to inspire learning.

Our achievements against these objectives were:

The Trust achieved improved progress outcomes for pupils at key stage 2 and key stage 4:

- a. Pupil progress scores improved at key stage 2. No academy scored pupil progress of 'well below average' as some had been when they joined the Trust.
- b. Key stage 2 attainment measured as the percentage of pupils achieving the expected outcome in reading, writing and maths, improved by 2% across the Trust. This builds on the 7% improvement achieved the year before.
- c. Year-11 pupils at Parkfield achieved a Progress-8 score of +0.38, an improvement on the previous year's result.
- d. At UTC Plymouth, the lowest achieving Year-13 pupil achieved a positive value added score of +0.75.
- e. At Springfields Special Academy, all Year-11 pupils gained external qualifications in maths, English, science and history; and all pupils gained at least five qualifications.
- f. A second year of Visible Learning training was provided to all teachers in our Plymouth academies. The programme will begin to be rolled out for our Bournemouth academies in 2020.

UTC Plymouth joined the Trust on October 1st 2018. Since that time we have:

- a. Changed the normal age range of admittance from 14-19 to 13-19 with effect from September 2019.
- b. Received Ministerial approval to admit Year-7 pupils from September 2020, changing the age range at the college to 11-19.
- c. Appointed a STEAM Co-ordinator to support the development of a primary STEAM curriculum for our Plymouth primary academy. During 2018-19, all year 4 and 5 pupils in Plymouth had the opportunity to engage in a six-week STEAM experience at UTC Plymouth, as part of their wider STEAM curriculum.

School intervention capacity has been developed through:

- a. Appointment of a highly experienced substantive Director of Primary Education.
- b. Appointment of three Primary Associate School Leaders, which took up post in January 2019, who are line managed by the Director of Primary Education, and deployed to focus on primary school improvement support and intervention.
- c. The Principal of Springfields Academy is Director of SEND across the whole Trust.
- d. The Principal of UTC Plymouth is Director of Vocational Education across the whole Trust.
- e. The Principal of Parkfield School is Director of Secondary Education across the whole Trust.
- f. Externally led Moderated Trust Reviews (MTRs) have been refocused to be externally led Raising of School Effectiveness (ROSE) reviews.



**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trust grew in 2018-2019 with Parkfield School and UTC Plymouth joining the Trust.

A shared central service, for financial and HR services, was implemented in April 2019. The implications of this are:

- a. All financial transactions, management and reporting have been reorganised from being school based to a central team. This was a significant re-organisation following consultations with the relevant Trade Unions. Centralising the financial functions has delivered cost savings for our schools and delivered a high quality service. Executive Business Managers (EBMs) support up to four academies each and provide the link between each academy and the central team.
- b. All HR services have been brought into the shared central service function.
- c. The payroll service was moved from a commercial provider to being an in-house function from April 2019.

The development of a people strategy is predicated on having the metrics and intelligence to support our 750 employees (as of October 1st 2019). The Trust invested in an HR infrastructure to support this during 2018-19:

- a. An HR MIS (PS-People) has been procured, training provided and the system launched.
- b. The HR MIS now allows the Trust to manage staff recruitment, pensions, payroll and employment, directly from our shared central service.
- c. The Trust has also established a CPD-Coordination Team. The team includes a part-time CPD Coordinator, a Fellow of the Chartered College of Teaching; and a Visible Learning quality assurer, to ensure that our staff development programmes are coordinated across the Trust.

The estates strategy focused on health, safety and regulatory compliance across all of our premises in 2018-19. The Trust has a three-year investment plan for the period 2018-2021 that prioritises the works required to ensure that all of our academies ensure the health and safety of all of our pupils and staff. The Trust has pooled its School Condition Allocation (SCA) grants and Devolved Formula Capital (DFC) grants to fund the £1.5million of prioritised works over the three-year period.

The Trust has provided significant support to the free school, Plymouth School of Creative Arts (PSCA) between May 5th 2019 and December 31st 2019. Following an Ofsted inadequate judgement for PSCA in the spring of 2019, Reach South Academy Trust provided emergency support to the school. The support was funded by DfE SSIF Emergency Funding. Support included the secondment of a part-time interim Executive Principal as well as school improvement, support services and buildings development support.

The Trust has also been approved to sponsor the school and expects the school to join the Trust by the end of the first quarter of 2020.

**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 Multi Academy Trust aims to advance for the public benefit, education in the South West of England. During the period to 31st August 2019 the focus of The Trust's objective to advance education for the public benefit has been to:

- Operate eight primary academies in Plymouth offering a broad and balanced curriculum.
- Operate two primary academies in Bournemouth offering a broad and balanced curriculum.
- Operate a special academy in Wiltshire providing a curriculum to meet the needs of children with Autistic Spectrum Disorder (ASD), Social, Emotional and Mental Health needs (SEMH) ASD, Specific Learning Disorder (SpLd), Attachment Disorder, Oppositional Defiance Disorder and Social Communication Disorder. The academy operates its main site in Calne, Wiltshire; and a satellite provision, Springfields South, in Salisbury, Wiltshire.
- Operate an all-through 4-16 academy in Bournemouth, Poole and Christchurch offering a broad and balanced curriculum.
- Operate the UTC Plymouth, for 14-19 year olds, offering a specialist science, technology, engineering and maths (STEM) curriculum with a focus on engineering.

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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**STRATEGIC REPORT**

**Achievements and Performance**

The Trust has achieved continuous improvement in its KS2 outcomes since the Trust was established in 2016-17.

**KS2 – % of Pupil Achieving the Expected Outcome at the end of KS2**

	Reading	Writing	Maths	Combined	
<b>2016-17</b>	57%	51%	58%	<b>46%</b>	
<b>2017-18</b>	66%	69%	68%	<b>53%</b>	↑
<b>2018-19</b>	63%	72%	71%	<b>55%</b>	↑

The percentage of pupils achieving the expected attainment in reading, writing and mathematics, across the Trust, has increased from 46% in 2016-17 to 55% in 2018-19. This is a nine percentage point or 20% improvement in outcomes. The overall outcome remains below the national average but is a significant and continuous improvement. Sitting behind these improving achievement outcomes is a parallel improvement in pupil progress between KS1 and KS2.

At Parkfield, pupils achieved a Progress-8 score of +0.38 and an Attainment-8 of 45.7. Both results are above national averages.

At UTC Plymouth, KS5 pupils achieved a positive progress of +0.75.

**Key Performance Indicators**

The Trust has set a suite of financial key performance indicators and benchmarks by which each academy is assessed:

- GAG funding per pupil
- Total income per pupil
- Total expenditure per pupil
- Agency staff costs per pupil
- Total staff costs per pupil
- Total non-staff costs per pupil
- Educational staff costs as % of total expenditure
- Support staff costs as % of total expenditure
- Total staff costs as % of total expenditure

The comparative benchmark data was used to support and challenge each academy's budget setting process.

Each academy is set a target to achieve a 2% surplus in its budget for 2019-20; and a total labour cost of no more than 75% of total income.

**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.

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy 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's accounting policies.

During the year ended 31 August 2019, the Academy received total income, excluding amounts transferred from existing Trusts and PNA reduction on conversion, of £26,303,172 and incurred total expenditure of £28,830,756. The excess of expenditure over income for the year was £2,527,584.

At 31 August 2019 the net book value of fixed assets was £73,979,535 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.

In respect of schools joining in the year, the land, buildings and other assets were transferred to the Academy upon conversion, with the land and buildings professionally valued at £12,685,000 and other assets included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives. The aggregate balance of both the former school's budget shares (£68,139) transferred across on conversion.

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

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

**Reserves Policy**

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

The Trustees have determined that the appropriate level of free reserves should be approximately 5% of GAG income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to support the Trust through investment in resources. Total reserves of the academy amount to £60,902,606, although £60,055,739 of this is invested in fixed assets or represents non GAG restricted funds. The remaining £846,867 (representing £767,404 unrestricted funds and £79,463 unspent GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

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

**REACH SOUTH ACADEMY TRUST  
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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**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 Headteacher and Finance Director within strict guidelines approved by the Board of Trustees.

**Principal Risks And Uncertainties**

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

Principal risks identified by Trustees are:

**Preventable Risks**

- a. Financial
- b. Safeguarding
- c. Data Protection
- d. Staffing
- e. Estates

**Strategic Risks**

- a. Educational performance
- b. Extending the UTC Plymouth Age Range
- c. Educational inspection outcomes
- d. Rate of growth to achieve financial sustainability
- e. Centralisation of back office services
- f. Estates regulatory compliance, health and safety.

**External Risks**

- a. Pensions liability
- b. Energy supply and costs
- c. Brexit

The Academy has considerable reliance on continued Government funding through the ESFA. In the last year 93% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The introduction of the national funding formula by the government will impact on this position. Indicative estimates by the Trust and the Local Authority indicate that our academies in Plymouth will financially benefit on a per pupil basis following the introduction of the national funding formula.

*Failures in governance and/or management* - the risk in this area arises from potential failure to effectively manage the Academy'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 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.

**REACH SOUTH ACADEMY TRUST  
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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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*Staffing* - the success of the Multi 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 has appointed an internal audit function 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 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. 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 is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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

At the year end, the Academy 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), which is set out in note 26 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**PLANS FOR FUTURE PERIODS**

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

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

The strategic plans are set against 180-day targets and 1080-day targets. Progress against these targets is monitored by the Trustees.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

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

**REACH SOUTH ACADEMY TRUST  
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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED**

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

We ask applicants to tell us if they have a disability so that we can make reasonable adjustments to ensure that any selection processes - including the interview - are fair and equitable and are complying with the Equality Act 2010.

We offer a guaranteed interview scheme if the applicant meets the minimum criteria as specified in the person specification.

For employees who become disabled during their employment we support the Headteacher/Director in determining the reasonable adjustments that need to be put into place to support the employee. We do this through occupational health referral as well as other support services.

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

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**AUDITORS**

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on \_\_\_\_\_ and signed on its behalf by:



**Mr M Agius  
Chair of Trustees**

## **GOVERNANCE STATEMENT**

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### **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 3 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Agius, Chair of Trustees	3	3
Mr D Ashton, Chief Executive Officer	2	3
Mr A Gunn	1	3
Ms S English, Vice Chair of Trustees	2	3
Sir S Lancashire	0	2
Mr M Papworth	3	3
Ms A Stevens	1	3
Dr C Gentle	3	3
Lady P Marland	3	3
Ms B Lacey	2	3
Mr A Newton	3	3
Ms G Beaver	1	3

The membership of the Board of Trustees has been stable during the 2018-19 financial year. There has been one resignation with Sir Steve Lancashire standing down during the year following his appointment to become a Member of the Trust. The Board has a Nominations Committee of Trustees that identifies the skills and experience required in recruiting a new Trustee, identifies potential applicants that meet the requirements and recommends an appointment to the full board. In this case the Appointment Panel is looking to recruit a new Trustee with significant experience of education performance.

Although the full Board met less than 6 times a year, effective financial oversight has been achieved through regular committee meetings and communications throughout the year. Additionally, in line with the Academies Financial Handbook all Trustees have received the management accounts and financial information at least 6 times a year. Additionally, if there were any significant financial matters requiring full Board notification, the Board will and have been provided this information outside of formal meetings.

The Board has held a number of development events for Trustees in addition to the business meetings. This included a full day in autumn 2018 to focus on: pupil behaviour management; school ethos and values; and cyber-safety for children.

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

- Nominations Committee
- Finance Sub-Committee
- Risk & Audit Sub-Committee

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

**GOVERNANCE STATEMENT (CONTINUED)**

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**GOVERNANCE (CONTINUED)**

- Human Resources Sub-Committee
- Education Standards & Performance Sub-Committee

Each Sub-Committee Chair presents a report of key findings and action taken to the Board of Trustees.

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

**Finance Sub-Committee**

The Finance Sub-Committee's Chair is Dr C Gentle and its purpose is to:

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

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Dr C Gentle, Chair	3	3
Mr D Ashton	3	3
Ms B Lacey	2	3
Mr M Agius	3	3
Mr A Gunn	3	3

**Risk & Audit Sub-Committee**

The Risk & Audit Sub-Committee's Chair is Ms G Beaver and its purpose is to:

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

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Ms G Beaver, Chair	3	3
Ms S English	2	3
Mr M Papworth	2	3
Sir S Lancashire	0	2



GOVERNANCE STATEMENT (CONTINUED)

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GOVERNANCE (CONTINUED)

**Human Resources Sub-Committee**

The Human Resources Sub-Committee Chair is Mr A Gunn and its main duties include:

- to consider, determine and keep under review, and develop strategies and policies for human resources and organisational development
- to act as an ultimate panel for dispute resolution
- to promote equality and diversity across the Trust

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Gunn, Chair	3	3
Mr D Ashton	3	3
Ms A Stevens	3	3
Dr C Gentle	3	3
Mr A Newton	3	3

**Education Standards and Performance Sub-Committee**

The Education Standards and Performance Sub-Committee's Chair is Ms B Lacey and its main duties include:

- to ensure the highest possible standards of education are set and maintained across the Trust
- to monitor pupil outcomes and ensure appropriate remedial action is taken where required
- to review and approve strategic school improvement plans and monitor outcomes against them

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Ms B Lacey, Chair	3	3
Mr D Ashton	2	3
Sir S Lancashire	0	2
Ms A Stevens	1	3
Mr A Newton	3	3
Lady P Marland	3	3

**GOVERNANCE STATEMENT (CONTINUED)**

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**REVIEW OF VALUE FOR MONEY**

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

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

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

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Reach South Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**GOVERNANCE STATEMENT (CONTINUED)**

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**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 and General Purposes 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 external auditor, to perform additional checks for the year ended 31 August 2019.

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 an annual 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 Trustees' financial responsibilities.

The testing did not identify any material weaknesses in controls and helped to develop the Shared Service Centre.

Additionally, extensive non-financial internal audits have taken place during the financial year including:

- Estates regulatory and health and safety compliance testing at all academies.
- Child safeguarding testing.
- Quality of education testing.

**GOVERNANCE STATEMENT (CONTINUED)**

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**REVIEW OF EFFECTIVENESS**

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

- the work of the 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 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)**

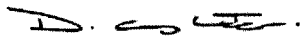
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Reach South Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all 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 2018.

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: 17/12/2019

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

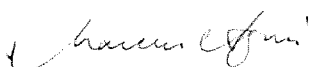
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



**Mr M Agius**  
Chair of Trustees

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

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

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**OPINION**

We have audited the financial statements of Reach South Academy Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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

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

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**OTHER INFORMATION**

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

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

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

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



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

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

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**RESPONSIBILITIES OF TRUSTEES**

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

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

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

**USE OF OUR REPORT**

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



**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: 19/12/19

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

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

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In accordance with the terms of our engagement letter dated 15 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Reach South Academy Trust during the year 1 September 2018 to 31 August 2019 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 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 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 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by 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.

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

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

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has 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**

Salt Quay House  
4 North East Quay  
Sutton Harbour  
Plymouth  
PL4 0BN

Date: 19/12/19

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>INCOME FROM:</b>						
Donations and capital grants:	3					
Amounts transferred from existing Trusts		324,300	(1,496,439)	25,644,472	24,472,333	22,538,521
PNA reduction on conversion		-	250,000	-	250,000	-
Other donations and capital grants		100,793	1,027,812	315,244	1,443,849	768,239
Charitable activities	4	500,621	23,965,339	-	24,465,960	17,264,801
Other trading activities		391,747	-	-	391,747	169,747
Investments	7	1,616	-	-	1,616	1,054
<b>TOTAL INCOME</b>		<b>1,319,077</b>	<b>23,746,712</b>	<b>25,959,716</b>	<b>51,025,505</b>	<b>40,742,362</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		895,685	26,348,412	1,586,659	28,830,756	19,809,745
<b>TOTAL EXPENDITURE</b>	8	<b>895,685</b>	<b>26,348,412</b>	<b>1,586,659</b>	<b>28,830,756</b>	<b>19,809,745</b>
<b>NET INCOME/ (EXPENDITURE)</b>		<b>423,392</b>	<b>(2,601,700)</b>	<b>24,373,057</b>	<b>22,194,749</b>	<b>20,932,617</b>
Transfers between funds	20	(407,104)	(36,209)	443,313	-	-
<b>NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES) CARRIED FORWARD</b>		<b>16,288</b>	<b>(2,637,909)</b>	<b>24,816,370</b>	<b>22,194,749</b>	<b>20,932,617</b>

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
**(CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

		Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES) BROUGHT FORWARD</b>		<b>16,288</b>	<b>(2,637,909)</b>	<b>24,816,370</b>	<b>22,194,749</b>	<b>20,932,617</b>
<b>OTHER RECOGNISED GAINS/(LOSSES):</b>						
Actuarial losses on defined benefit pension schemes	26	-	(2,818,000)	-	(2,818,000)	2,233,000
<b>NET MOVEMENT IN FUNDS</b>		<b>16,288</b>	<b>(5,455,909)</b>	<b>24,816,370</b>	<b>19,376,749</b>	<b>23,165,617</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		751,116	(8,530,103)	49,304,844	41,525,857	18,360,240
Net movement in funds		16,288	(5,455,909)	24,816,370	19,376,749	23,165,617
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>767,404</b>	<b>(13,986,012)</b>	<b>74,121,214</b>	<b>60,902,606</b>	<b>41,525,857</b>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 31 to 64 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>FIXED ASSETS</b>			
Tangible assets		<b>73,979,535</b>	49,086,658
	15		
<b>CURRENT ASSETS</b>			
Stocks		-	2,211
Debtors	16	<b>1,842,619</b>	1,337,505
Cash at bank and in hand	25	<b>2,605,775</b>	2,085,150
		<b>4,448,394</b>	3,424,866
Creditors: amounts falling due within one year	17	<b>(1,905,617)</b>	(1,569,299)
<b>NET CURRENT ASSETS</b>		<b>2,542,777</b>	1,855,567
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>76,522,312</b>	50,942,225
Creditors: amounts falling due after more than one year	18	<b>(802,706)</b>	(2,368)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<b>75,719,606</b>	50,939,857
Defined benefit pension scheme liability	26	<b>(14,817,000)</b>	(9,414,000)
<b>TOTAL NET ASSETS</b>		<b>60,902,606</b>	41,525,857

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

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>FUNDS OF THE ACADEMY TRUST</b>			
<b>Restricted funds:</b>			
Fixed asset funds	20	<b>74,121,214</b>	49,304,844
Restricted income funds	20	<b>830,988</b>	883,897
Restricted funds excluding pension liability	20	<b>74,952,202</b>	50,188,741
Pension reserve	20	<b>(14,817,000)</b>	(9,414,000)
<b>Total restricted funds</b>	20	<b>60,135,202</b>	40,774,741
<b>Unrestricted income funds</b>	20	<b>767,404</b>	751,116
<b>TOTAL FUNDS</b>		<b>60,902,606</b>	41,525,857

The financial statements on pages 26 to 64 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:



**Mr M Agius**  
Chair of Trustees

The notes on pages 31 to 64 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2019**

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash used in operating activities	22	<b>(574,157)</b>	(563,278)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	24	<b>217,316</b>	484,755
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	23	<b>877,466</b>	1,089,711
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		<b>520,625</b>	1,011,188
Cash and cash equivalents at the beginning of the year		<b>2,085,150</b>	1,073,962
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	25	<b>2,605,775</b>	2,085,150

The notes on pages 31 to 64 form part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements 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 historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Reach South Academy Trust meets the definition of a public benefit entity under 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.

**1.3 INCOME**

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

• **Grants**

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 year 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 grants are reflected in the Balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **Sponsorship income**

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

• **Donations**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME (CONTINUED)**

- **Other income**

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

- **Transfer on conversion**

Where assets and liabilities 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 risks 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' to the net assets received.

- **Transfer of existing academies into the Academy Trust**

Where assets and liabilities are received on the transfer of an existing academy into the Academy Trust, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised for the transfer of an existing academy into the Academy Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

**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.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 INTEREST RECEIVABLE**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.7 TANGIBLE FIXED ASSETS**

Assets costing £2,000 or more are capitalised as tangible fixed assets 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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided 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
Motor vehicles	- 20% straight Line
Computer equipment	- 33% Straight Line
Furniture and equipment	- 25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

**1.8 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019

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1. ACCOUNTING POLICIES (continued)

1.10 CASH AT BANK AND IN HAND

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

1.11 LIABILITIES

Liabilities 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.

1.12 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 bases 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 cost as detailed in notes 17 and 18. 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 instrument.

1.13 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.14 PENSIONS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 operating surplus 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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.14 PENSIONS (CONTINUED)**

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.

**1.15 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 the funders where the asset acquired or created is held for a specific purpose.

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

Estimates and judgements 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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 judgement:

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.

The transfer from existing Academy Trust's to the 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 Parkfield Education Limited and Plymouth UTC Limited to the 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 Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**3. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>DONATIONS</b>				
Transfers from existing Academy Trusts	324,300	24,148,033	<b>24,472,333</b>	22,538,521
PNA reduction on conversion	-	250,000	<b>250,000</b>	-
Donations	100,793	227,799	<b>328,592</b>	198,506
Capital Grants	-	1,115,257	<b>1,115,257</b>	569,733
<b>SUBTOTAL</b>	<b>100,793</b>	<b>1,343,056</b>	<b>1,443,849</b>	<b>768,239</b>
	<b>425,093</b>	<b>25,741,089</b>	<b>26,166,182</b>	<b>23,306,760</b>
<b>TOTAL 2018</b>	<b>500,705</b>	<b>22,806,055</b>	<b>23,306,760</b>	

**4. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Education	137,341	23,404,715	<b>23,542,056</b>	16,248,242
Nursery	363,280	-	<b>363,280</b>	369,672
Boarding	-	560,624	<b>560,624</b>	646,887
	<b>500,621</b>	<b>23,965,339</b>	<b>24,465,960</b>	<b>17,264,801</b>
<b>TOTAL 2018</b>	<b>516,113</b>	<b>16,748,688</b>	<b>17,264,801</b>	

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**5. FUNDING FOR THE ACADEMY TRUST'S EDUCATION**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>DfE/ESFA GRANTS</b>				
General Annual Grant (GAG)	-	16,775,180	<b>16,775,180</b>	12,125,693
Sponsorship Grant	-	250,000	<b>250,000</b>	-
Other DfE Group grants	-	3,198,866	<b>3,198,866</b>	2,204,179
	-	20,224,046	<b>20,224,046</b>	14,329,872
<b>OTHER GOVERNMENT GRANTS</b>				
High Needs	-	3,009,336	<b>3,009,336</b>	1,649,666
Other government grants	-	171,333	<b>171,333</b>	122,263
	-	3,180,669	<b>3,180,669</b>	1,771,929
<b>OTHER FUNDING</b>				
Sales to students	20,522	-	<b>20,522</b>	13,391
Other	116,819	-	<b>116,819</b>	133,050
	137,341	23,404,715	<b>23,542,056</b>	16,248,242
<b>TOTAL 2018</b>	146,441	16,101,801	<b>16,248,242</b>	

**6. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	32,969	<b>32,969</b>	18,656
External catering	20,881	<b>20,881</b>	9,958
Fees received	337,897	<b>337,897</b>	141,133
<b>TOTAL 2019</b>	391,747	<b>391,747</b>	169,747

All prior year amounts relate to unrestricted funds.



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**7. INVESTMENT INCOME**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	1,616	1,616	1,054

All prior year amounts relate to unrestricted funds.

**8. EXPENDITURE**

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Education:					
Direct costs	12,238,351	994,674	1,999,383	15,232,408	9,586,874
Support costs	6,474,325	2,668,332	3,514,393	12,657,050	9,155,450
Nursery:					
Direct costs	343,787	27,941	526	372,254	389,956
Support costs	-	11,333	16,166	27,499	30,578
Boarding:					
Direct costs	-	-	9,368	9,368	16,858
Support costs	465,243	17,546	49,388	532,177	630,029
	19,521,706	3,719,826	5,589,224	28,830,756	19,809,745
TOTAL 2018	15,221,460	1,796,138	2,792,147	19,809,745	

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**9. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	15,232,408	12,657,050	<b>27,889,458</b>	18,742,518
Nursery	372,254	27,499	<b>399,753</b>	420,340
Boarding	9,368	532,177	<b>541,545</b>	646,887
	<u>15,614,030</u>	<u>13,216,726</u>	<u><b>28,830,756</b></u>	<u>19,809,745</u>
TOTAL 2018	<u>9,993,688</u>	<u>9,816,057</u>	<u>19,809,745</u>	

**Analysis of direct costs**

	Education 2019 £	Nursery 2019 £	Boarding 2019 £	Total funds 2019 £	Total funds 2018 £
Pension finance cost	273,000	-	-	<b>273,000</b>	59,000
Staff costs	12,773,351	343,787	-	<b>13,117,138</b>	8,594,945
Depreciation	994,674	27,941	-	<b>1,022,615</b>	535,231
Educational supplies	303,878	526	9,368	<b>313,772</b>	237,095
Examination fees	47,933	-	-	<b>47,933</b>	10,793
Other costs	386,009	-	-	<b>386,009</b>	278,987
Supply teachers	392,410	-	-	<b>392,410</b>	232,993
Technology costs	61,153	-	-	<b>61,153</b>	44,644
	<u>15,232,408</u>	<u>372,254</u>	<u>9,368</u>	<u><b>15,614,030</b></u>	<u>9,993,688</u>
TOTAL 2018	<u>9,586,874</u>	<u>389,956</u>	<u>16,858</u>	<u>9,993,688</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)**

**Analysis of support costs**

	<b>Education 2019 £</b>	<b>Nursery 2019 £</b>	<b>Boarding 2019 £</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Pension finance cost	-	-	-	-	172,000
Staff costs	7,397,325	-	465,243	<b>7,862,568</b>	6,331,435
Depreciation	564,044	-	-	<b>564,044</b>	348,033
Staff development	116,718	1,996	-	<b>118,714</b>	98,248
Other costs	37,762	25	-	<b>37,787</b>	14,774
Recruitment and support	150,335	-	350	<b>150,685</b>	159,929
Maintenance of premises and equipment	447,581	5,226	9,342	<b>462,149</b>	172,393
Cleaning	280,048	2,948	-	<b>282,996</b>	253,534
Rent and rates	496,531	846	4,413	<b>501,790</b>	103,868
Energy costs	309,498	1,563	11,309	<b>322,370</b>	169,316
Insurance	138,854	587	-	<b>139,441</b>	130,767
Security and transport	186,239	163	1,824	<b>188,226</b>	48,949
Catering	263,723	3,113	24,996	<b>291,832</b>	246,654
Technology costs	370,820	1,461	-	<b>372,281</b>	188,893
Office overheads	302,147	1,914	301	<b>304,362</b>	226,282
Legal and professional	1,547,689	7,657	14,399	<b>1,569,745</b>	1,093,187
Bank interest and charges	3,906	-	-	<b>3,906</b>	531
Governance costs	43,830	-	-	<b>43,830</b>	57,264
	<b>12,657,050</b>	<b>27,499</b>	<b>532,177</b>	<b>13,216,726</b>	<b>9,816,057</b>
TOTAL 2018	<b>9,155,644</b>	<b>30,384</b>	<b>630,029</b>	<b>9,816,057</b>	

**10. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) for the year includes:

	<b>2019 £</b>	<b>2018 £</b>
Operating lease rentals	<b>104,043</b>	105,910
Depreciation of tangible fixed assets	<b>1,586,659</b>	883,264
Fees paid to auditors for:		
- audit	<b>22,435</b>	14,500
- other services	<b>29,350</b>	23,950

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**11. STAFF COSTS**

**a. STAFF COSTS**

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	15,556,336	10,935,704
Social security costs	1,271,661	879,321
Pension costs	3,978,062	2,891,207
	<u>20,806,059</u>	<u>14,706,232</u>
Agency staff costs	552,474	232,993
Staff restructuring costs	173,647	220,148
	<u><u>21,532,180</u></u>	<u><u>15,159,373</u></u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	162,945	156,299
Severance payments	10,702	54,535
Other restructuring costs	-	9,314
	<u>173,647</u>	<u>220,148</u>

**b. NON-STATUTORY/NON-CONTRACTUAL STAFF SEVERANCE PAYMENTS**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £10,702 (2018: £16,888). Individually, the payments were £4,140, £2,119 and £4,443.

**c. STAFF NUMBERS**

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

	2019 No.	2018 No.
Teachers	265	179
Educational Support	394	310
Administration and Support	71	75
Management	5	6
	<u>735</u>	<u>570</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**11. STAFF COSTS (CONTINUED)**

**c. STAFF NUMBERS (CONTINUED)**

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Teachers	237	174
Educational Support	240	178
Administration and Support	64	55
Management	5	5
	<u>546</u>	<u>412</u>

**d. HIGHER PAID STAFF**

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	3	6
In the band £70,001 - £80,000	5	3
In the band £80,001 - £90,000	2	-
In the band £90,001 - £100,000	1	-
In the band £100,001 - £110,000	1	-
In the band £150,001 - £160,000	1	1
	<u>1</u>	<u>1</u>

**e. KEY MANAGEMENT PERSONNEL**

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £523,972 (2018: £507,342).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the key management personnel other than in their role as Trustee, their remuneration as set out in note 13 has not been included in the total benefits received by key management personnel above.

**REACH SOUTH ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. 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

The Academy Trust allocates 6.5% of its total GAG income for the provision of these central services.

A notional monetary value of these services for each academy is based on an assumption that their share of the total value reflects the funding formula used by the ESFA to calculate individual academy GAGs. In practice services are provided to each academy on a basis of basic need for all with additional support targeted and prioritised to meet the actual needs of each academy.

The notional monetary values for these central services apportioned to each academy during the year were as follows:

	2019 £	2018 £
Drake Primary Academy	54,169	53,729
Goosewell Academy	131,131	131,445
High Street Primary Academy	54,265	57,744
Marlborough Primary Academy	52,455	57,970
Morice Town Primary Academy	56,570	59,470
Pilgrim Primary Academy	94,373	87,957
Stoke Damerel Primary Academy	95,827	93,749
Stuart Road Primary Academy	50,694	49,716
Hill View Primary Academy	140,572	64,895
Malmesbury Park Primary Academy	150,128	73,289
The Springfields Academy	164,475	-
<b>TOTAL</b>	<b>1,044,659</b>	<b>729,964</b>

**NOTES TO THE FINANCIAL STATEMENTS  
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**13. TRUSTEES' REMUNERATION AND EXPENSES**

The CEO and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: D Ashton: remuneration £155,000 - £160,000 (2018: £155,000 - £160,000), Employer's pension contributions £25,000 - £30,000 (2018: £25,000 - £30,000). Other related party transactions involving the Trustees are set out in note 30.

During the year, no Trustees received any benefits in kind (2018: £Nil)

During the year ended 31 August 2019, expenses totalling £2,197 were reimbursed or paid directly to 7 Trustees (2018: £596 to 2 Trustees).

**14. TRUSTEES' AND OFFICERS' INSURANCE**

The Academy Trust has opted into the Department of 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 membership.

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**15. TANGIBLE FIXED ASSETS**

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>COST</b>						
At 1 September 2018	17,596,121	31,822,260	535,312	226,912	17,820	50,198,425
Additions	124,592	555,154	139,736	58,675	21,400	899,557
Transfers	12,685,000	12,102,000	615,833	177,146	-	25,579,979
At 31 August 2019	30,405,713	44,479,414	1,290,881	462,733	39,220	76,677,961
<b>DEPRECIATION</b>						
At 1 September 2018	409,396	469,349	134,974	95,752	2,296	1,111,767
Charge for the year	478,403	655,369	302,114	143,286	7,487	1,586,659
At 31 August 2019	887,799	1,124,718	437,088	239,038	9,783	2,698,426
<b>NET BOOK VALUE</b>						
At 31 August 2019	29,517,914	43,354,696	853,793	223,695	29,437	73,979,535
At 31 August 2018	17,186,725	31,352,911	400,338	131,160	15,524	49,086,658

Included in freehold property is land at cost of £6,545,000 (2018: £3,245,000) which is not depreciated.

**16. DEBTORS**

	2019 £	2018 £
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	169,368	45,434
VAT recoverable	965,982	607,322
Other debtors	2,462	-
Prepayments and accrued income	704,807	684,749
	<u>1,842,619</u>	<u>1,337,505</u>



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**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Trade creditors	633,770	463,197
Other taxation and social security	318,973	270,821
Other creditors	241,713	172,142
Accruals and deferred income	711,161	663,139
	<u>1,905,617</u>	<u>1,569,299</u>
	2019 £	2018 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2018	448,196	170,542
Resources deferred during the year	432,619	448,196
Amounts released from previous periods	(448,196)	(170,542)
<b>Deferred income at 31 August 2019</b>	<u>432,619</u>	<u>448,196</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals, Rates Relief, Additional SEMH Funding and trips book for 2019/20.

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2019 £	2018 £
Other creditors	<u>802,706</u>	<u>2,368</u>

Included within other creditors falling due after more than one year are amounts of £551,522 and £250,000 owed to the ESFA relating to deficits brought in on conversion of Parkfield School and UTC Plymouth respectively.

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**19. FINANCIAL INSTRUMENTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>FINANCIAL ASSETS</b>		
Financial assets that are debt instruments measured at amortised cost	<b><u>3,240,623</u></b>	<b><u>2,641,433</u></b>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	<b><u>(1,941,826)</u></b>	<b><u>(885,277)</u></b>

Financial assets that are debt instruments measured at amortised cost comprise of cash at bank, trade debtors, other debtors and accrued income.

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

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**20. STATEMENT OF FUNDS**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>UNRESTRICTED FUNDS</b>						
General Funds	751,116	1,319,077	(895,685)	(407,104)	-	767,404
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant (GAG)	242,029	16,295,675	(16,742,653)	284,412	-	79,463
High Needs	-	3,569,960	(3,569,960)	-	-	-
Pupil Premium	-	1,569,709	(1,569,709)	-	-	-
Other DfE/ ESFA	209,039	1,866,243	(2,055,282)	-	-	20,000
Devolved Formula Capital (DFC)	33,181	294,087	(59,161)	(147,087)	-	121,020
School Condition Allocation (SCA)	399,648	505,926	(172,955)	(173,534)	-	559,085
Other government grants	-	171,333	(171,333)	-	-	-
Other	-	227,799	(227,799)	-	-	-
Strategic School Improvement Fund (SSIF)	-	99,980	(48,560)	-	-	51,420
Pension reserve	(9,414,000)	(854,000)	(1,731,000)	-	(2,818,000)	(14,817,000)
	<u>(8,530,103)</u>	<u>23,746,712</u>	<u>(26,348,412)</u>	<u>(36,209)</u>	<u>(2,818,000)</u>	<u>(13,986,012)</u>

REACH SOUTH ACADEMY TRUST  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019

20. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion or from existing Trusts	48,940,724	25,579,979	(1,521,145)	-	-	72,999,558
Capital funding transferred on conversion or from existing Trusts	263,974	64,493	(12,574)	-	-	315,893
Fixed assets purchased from GAG	23,332	-	(12,021)	117,568	-	128,879
Devolved Formula Capital	30,614	-	(16,379)	147,087	-	161,322
School Condition Allocation	26,404	-	(15,382)	173,534	-	184,556
Other	19,796	315,244	(9,158)	5,124	-	331,006
	<u>49,304,844</u>	<u>25,959,716</u>	<u>(1,586,659)</u>	<u>443,313</u>	<u>-</u>	<u>74,121,214</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>40,774,741</u>	<u>49,706,428</u>	<u>(27,935,071)</u>	<u>407,104</u>	<u>(2,818,000)</u>	<u>60,135,202</u>
<b>TOTAL FUNDS</b>	<u>41,525,857</u>	<u>51,025,505</u>	<u>(28,830,756)</u>	<u>-</u>	<u>(2,818,000)</u>	<u>60,902,606</u>

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

**Restricted Funds**

*General Annual Grant*

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

*Restricted funds on transfer into Trust*

Revenue deficit transferred in from existing Trusts joining the Trust.

*High Needs*

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

NOTES TO THE FINANCIAL STATEMENTS  
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20. STATEMENT OF FUNDS (CONTINUED)

*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.

*Other DfE/ESFA*

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

*Devolved Formula Capital (DFC)*

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

*School Condition Allocation (SCA)*

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

*Other government grants*

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

*Other*

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

*Strategic School Improvement Fund (SSIF)*

This represents funding from the ESFA to support school improvement.

*Pension reserve*

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

**Restricted Fixed Asset Funds**

*Fixed assets transferred on conversion or from existing Trusts*

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

*Capital funding transferred on conversion or from existing Trusts*

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

*Devolved Formula Capital*

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

*School Condition Allocation*

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

*Other*

This represents donations received to be spent on capital assets.

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**20. STATEMENT OF FUNDS (CONTINUED)**

**Other Information**

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Drake Primary Academy	2,189	16,714
Goosewell Primary Academy	158,483	165,773
High Street Primary Academy	77,734	36,717
Hill View Primary Academy	218,091	82,600
Malmesbury Park Primary Academy	486,332	457,146
Marlborough Primary Academy	121,413	196,057
Morice Town Primary Academy	128,348	57,393
Pilgrim Primary Academy	210,671	140,735
The Springfields Academy	114,484	(136,567)
Stoke Damerel Primary Academy	270,343	143,919
Stuart Road Primary Academy	36,412	7,066
Parkfield School	(109,084)	-
UTC Plymouth	(265,997)	-
Central Function	148,973	467,460
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,598,392	1,635,013
Restricted fixed asset fund	74,121,214	49,304,844
Pension reserve	(14,817,000)	(9,414,000)
	<hr/>	<hr/>
<b>TOTAL</b>	<b>60,902,606</b>	<b>41,525,857</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	Deficit £
Parkfield School	(109,084)
UTC Plymouth	(265,997)
	<hr/> <hr/>

UTC Plymouth and Parkfield both report deficits. This is due to legacy deficit positions held at the point of joining the Trust. The Trust has deficit recovery plans in place, agreed with the ESFA, for both academies.

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**20. STATEMENT OF FUNDS (CONTINUED)**

**TOTAL COST ANALYSIS BY ACADEMY**

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 2019 £	Total 2018 £
Drake Primary Academy	498,137	308,989	38,715	146,233	<b>992,074</b>	991,038
Goosewell Primary Academy	1,543,252	441,365	113,591	284,287	<b>2,382,495</b>	2,389,968
High Street Primary Academy	446,677	246,779	123,831	192,060	<b>1,009,347</b>	1,082,977
Hill View Primary Academy	1,320,416	529,237	128,083	307,125	<b>2,284,861</b>	1,116,483
Malmesbury Park Primary Academy	1,702,730	605,900	129,831	377,492	<b>2,815,953</b>	1,440,680
Marlborough Primary Academy	591,053	257,315	26,185	174,946	<b>1,049,499</b>	1,088,219
Morice Town Primary Academy	566,518	185,661	37,538	223,892	<b>1,013,609</b>	1,147,031
Pilgrim Primary Academy	977,746	379,591	57,110	258,551	<b>1,672,998</b>	1,593,765
The Springfields Academy	1,951,315	1,236,047	134,542	656,776	<b>3,978,680</b>	3,023,713
Stoke Damerel Primary Academy	863,861	313,643	93,772	304,154	<b>1,575,430</b>	1,585,945
Stuart Road Primary Academy	450,373	221,361	44,197	176,689	<b>892,620</b>	912,647
Parkfield School	1,253,430	451,793	197,722	653,818	<b>2,556,763</b>	-
UTC Plymouth	286,603	362,735	60,726	214,022	<b>924,086</b>	-
Central Function	130,027	1,399,152	15,431	820,072	<b>2,364,682</b>	2,554,015
<b>ACADEMY TRUST</b>	<b>12,582,138</b>	<b>6,939,568</b>	<b>1,201,274</b>	<b>4,790,117</b>	<b>25,513,097</b>	18,926,481

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**20. STATEMENT OF FUNDS (CONTINUED)**

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>UNRESTRICTED FUNDS</b>						
General Funds	434,434	1,187,619	(799,951)	(70,986)	-	751,116
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant (GAG)	82,053	12,125,693	(12,013,006)	47,289	-	242,029
Restricted funds on transfer into Trust	-	(11,402)	-	11,402	-	-
High Needs	-	2,296,553	(2,296,553)	-	-	-
Pupil Premium	-	1,338,944	(1,338,944)	-	-	-
Other DfE/ ESFA	231,094	876,572	(906,422)	7,795	-	209,039
Devolved Formula Capital (DFC)	9,772	88,561	(41,198)	(23,954)	-	33,181
School Condition Allocation (SCA)	-	481,172	(55,120)	(26,404)	-	399,648
Other government grants	7,525	122,263	(129,788)	-	-	-
Other	1,210	59,122	(41,499)	(18,833)	-	-
Pension reserve	(5,889,000)	(4,454,000)	(1,304,000)	-	2,233,000	(9,414,000)
	<u>(5,557,346)</u>	<u>12,923,478</u>	<u>(18,126,530)</u>	<u>(2,705)</u>	<u>2,233,000</u>	<u>(8,530,103)</u>



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**20. STATEMENT OF FUNDS (CONTINUED)**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion or from existing Trusts	23,294,282	26,502,852	(856,410)	-	-	48,940,724
Capital funding transferred on conversion or from existing Trusts	148,744	128,413	(13,183)	-	-	263,974
Fixed assets purchased from GAG	26,973	-	(8,141)	4,500	-	23,332
Devolved Formula Capital	11,153	-	(4,493)	23,954	-	30,614
School Condition Allocation	-	-	-	26,404	-	26,404
Other	2,000	-	(1,037)	18,833	-	19,796
	<u>23,483,152</u>	<u>26,631,265</u>	<u>(883,264)</u>	<u>73,691</u>	<u>-</u>	<u>49,304,844</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>17,925,806</u>	<u>39,554,743</u>	<u>(19,009,794)</u>	<u>70,986</u>	<u>2,233,000</u>	<u>40,774,741</u>
<b>TOTAL FUNDS</b>	<u><u>18,360,240</u></u>	<u><u>40,742,362</u></u>	<u><u>(19,809,745)</u></u>	<u><u>-</u></u>	<u><u>2,233,000</u></u>	<u><u>41,525,857</u></u>

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**21. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	73,979,535	<b>73,979,535</b>
Current assets	788,114	3,518,601	141,679	<b>4,448,394</b>
Creditors due within one year	(20,710)	(1,884,907)	-	<b>(1,905,617)</b>
Creditors due in more than one year	-	(802,706)	-	<b>(802,706)</b>
Provisions for liabilities and charges	-	(14,817,000)	-	<b>(14,817,000)</b>
<b>TOTAL</b>	<b>767,404</b>	<b>(13,986,012)</b>	<b>74,121,214</b>	<b>60,902,606</b>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2019 £	2018 £
Net income for the year (as per Statement of financial activities)	<b>22,194,749</b>	20,932,617
<b>ADJUSTMENTS FOR:</b>		
Depreciation	<b>1,586,659</b>	883,264
Capital grants from DfE and other capital income	<b>(1,115,257)</b>	(569,733)
Dividends, interest and rents from investments	<b>(1,616)</b>	(1,054)
Defined benefit pension scheme obligation inherited	<b>854,000</b>	4,454,000
Defined benefit pension scheme cost less contributions payable	<b>604,000</b>	1,073,000
Defined benefit pension scheme finance cost	<b>273,000</b>	231,000
Decrease/(increase) in stocks	<b>2,211</b>	(2,211)
Increase in debtors	<b>(167,154)</b>	(542,628)
(Decrease)/increase in creditors	<b>(82,416)</b>	571,030
Net income on assets and liabilities from existing Trusts transferred in	<b>(24,722,333)</b>	(27,592,563)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(574,157)</b>	(563,278)

**23. CASH FLOWS FROM FINANCING ACTIVITIES**

	2019 £	2018 £
Cash received from existing Trusts transferred in	<b>877,466</b>	1,089,711

**24. CASH FLOWS FROM INVESTING ACTIVITIES**

	2019 £	2018 £
Dividends, interest and rents from investments	<b>1,616</b>	1,054
Purchase of tangible fixed assets	<b>(899,557)</b>	(86,032)
Capital grants from DfE Group	<b>1,115,257</b>	569,733
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>217,316</b>	484,755

**25. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2019 £	2018 £
Cash at bank and in hand	<b>2,605,775</b>	2,085,150

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**26. PENSION COMMITMENTS**

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

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

Contributions amounting to £308,026 were payable to the schemes at 31 August 2019 (2018: £251,784) and are included within creditors.

**TEACHERS' PENSION SCHEME**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

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26. PENSION COMMITMENTS (CONTINUED)

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £1,823,900 (2018: £944,579).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded 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 pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,426,000 (2018: £1,064,000), of which employer's contributions totalled £1,105,000 (2018: £821,000) and employees' contributions totalled £321,000 (2018: £243,000). The agreed contribution rates for future years are 15.3 per cent for employers and 5-12.5 per cent 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**

	2019 %	2018 %
Rate of increase in salaries	3.25	3.31
Rate of increase for pensions in payment/inflation	2.24	2.34
Discount rate for scheme liabilities	1.85	2.72

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

	2019 Years	2018 Years
<b>Retiring today</b>		
Males	21.4 - 22.9	22.5 - 24.0
Females	23.7 - 24.8	24.9 - 26.1
<b>Retiring in 20 years</b>		
Males	22.3 - 24.6	24.1 - 26.3
Females	25.1 - 26.7	26.7 - 28.5

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**26. PENSION COMMITMENTS (CONTINUED)**

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	9,445,000	7,767,000
Gilts	1,401,000	1,140,000
Property	1,630,000	1,332,000
Cash and other liquid assets	285,000	196,000
Other	2,237,000	1,642,000
<b>Total market value of assets</b>	<b>14,998,000</b>	<b>12,077,000</b>

The actual return on scheme assets was £788,000 (2018: £795,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(2,201,000)	(1,848,000)
Past service cost	(362,000)	(46,000)
Interest income	359,000	226,000
Interest cost	(632,000)	(457,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(2,836,000)</b>	<b>(2,125,000)</b>

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
<b>At 1 September</b>	<b>21,491,000</b>	<b>9,333,000</b>
Transferred in on existing Academies joining the Trust	1,593,000	11,456,000
Current service cost	2,201,000	1,848,000
Interest cost	632,000	457,000
Employee contributions	321,000	243,000
Actuarial gains	3,397,000	(1,698,000)
Benefits paid	(183,000)	(194,000)
Past service cost	362,000	46,000
<b>At 31 August</b>	<b>29,814,000</b>	<b>21,491,000</b>

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**26. PENSION COMMITMENTS (CONTINUED)**

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019 £	2018 £
<b>At 1 September</b>	<b>12,077,000</b>	3,444,000
Transferred in on existing Academies joining the Trust	739,000	7,002,000
Interest income	359,000	226,000
Actuarial gains	579,000	535,000
Employer contributions	1,105,000	821,000
Employee contributions	321,000	243,000
Benefits paid	(183,000)	(194,000)
<b>At 31 August</b>	<b>14,997,000</b>	12,077,000

**27. OPERATING LEASE COMMITMENTS**

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
<b>Amounts payable</b>		
Not later than 1 year	98,315	86,783
Later than 1 year and not later than 5 years	276,048	240,912
Later than 5 years	118,245	132,867
	<b>492,608</b>	460,562

**28. MEMBERS' LIABILITY**

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

**29. GENERAL INFORMATION**

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

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**30. RELATED PARTY TRANSACTIONS**

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

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 13.

**31. AGENCY ARRANGEMENTS**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in note 17.

**32. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY TRUST**

**Parkfield School**

	Value reported by transferring trust £	Fair value adjustments £	Transfer in recognised £
<b>INTANGIBLE ASSETS</b>			
Computer software	4,786	(4,786)	-
<b>TANGIBLE FIXED ASSETS</b>			
Freehold property	15,121,769	(2,436,769)	<b>12,685,000</b>
Furniture and equipment	538,134	-	<b>538,134</b>
Computer equipment	139,342	4,786	<b>144,128</b>
<b>CURRENT ASSETS</b>			
Debtors due within one year	306,136	-	<b>306,136</b>
Cash at bank and in hand	718,274	-	<b>718,274</b>
<b>LIABILITIES</b>			
Creditors due within one year	(1,166,211)	-	<b>(1,166,211)</b>
<b>PENSIONS</b>			
Pensions - pension scheme assets	493,000	-	<b>493,000</b>
Pensions - pension scheme liabilities	(1,068,000)	-	<b>(1,068,000)</b>
<b>NET ASSETS</b>	<b>15,087,230</b>	<b>(2,436,769)</b>	<b>12,650,461</b>

Parkfield School joined the Trust on 1 September 2018.



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**32. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY TRUST (CONTINUED)**

**UTC Plymouth**

	Value reported by transferring trust £	Fair value adjustments £	Transfer in recognised £
<b>INTANGIBLE ASSETS</b>			
<b>TANGIBLE FIXED ASSETS</b>			
Long-term leasehold property	6,417,061	5,684,939	<b>12,102,000</b>
Furniture and equipment	77,699	-	<b>77,699</b>
Computer equipment	33,018	-	<b>33,018</b>
<b>CURRENT ASSETS</b>			
Debtors due within one year	31,824	-	<b>31,824</b>
Cash at bank and in hand	159,192	-	<b>159,192</b>
<b>LIABILITIES</b>			
Creditors due within one year	(52,861)	-	<b>(52,861)</b>
Creditors due after one year	(250,000)	-	<b>(250,000)</b>
<b>PENSIONS</b>			
Pensions - pension scheme assets	246,000	-	<b>246,000</b>
Pensions - pension scheme liabilities	(525,000)	-	<b>(525,000)</b>
<b>NET ASSETS</b>	<b>6,136,933</b>	<b>5,684,939</b>	<b>11,821,872</b>

UTC Plymouth joined the Trust on 1 October 2018.

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**33. ACADEMY BOARDING TRADING ACCOUNT**

	2019 £	2019 £	2018 £	2018 £
<b>INCOME</b>				
Boarding income	<b>560,624</b>		646,887	
<b>INCOME</b>		<b>560,624</b>		646,887
<b>DIRECT COSTS</b>				
Educational supplies	<b>9,368</b>		10,245	
Wages and salaries	-		5,715	
National insurance	-		464	
Pension costs	-		434	
<b>TOTAL DIRECT EXPENDITURE</b>	<b>9,368</b>		16,858	
<b>SUPPORT COSTS</b>				
Recruitment and support	<b>350</b>		51,175	
Maintenance of premises and equipment	<b>9,342</b>		15,000	
Rent and rates	<b>4,413</b>		2,495	
Energy costs	<b>11,309</b>		11,597	
Security and transport	<b>1,824</b>		8,000	
Catering	<b>24,996</b>		26,880	
Office overheads	<b>301</b>		3,000	
Legal and professional fees	<b>14,399</b>		11,639	
Wages and salaries	<b>351,304</b>		379,715	
National insurance	<b>29,854</b>		33,044	
Pension costs	<b>84,085</b>		87,484	
<b>TOTAL SUPPORT EXPENDITURE</b>	<b>532,177</b>		630,029	
<b>TOTAL EXPENDITURE</b>		<b>541,545</b>		646,887
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>19,079</b>		-