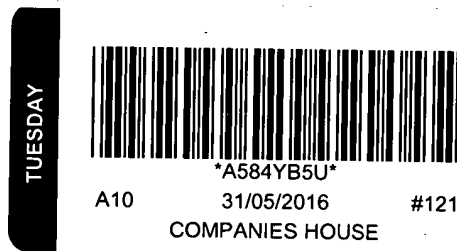


Registered number: 08040828  
Charity number: 1149000

**REAch2 LIMITED**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**



**LANDAU BAKER LIMITED**  
**Chartered Accountants & Statutory Auditors**  
**Mountcliff House**  
**154 Brent Street**  
**London**  
**NW4 2DR**

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**REACH2 LIMITED**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**Trustees**

Dean Ashton  
Steve Lancashire  
Catherine Paine  
Shane Anthony Tewes  
Dr Louise Askew  
Peter Christopher Little  
Rt Revd David Douglas James Rossdale  
Prof John Haydn West-Burnham  
Clare Walsh

**Company registered number**

08040828

**Charity registered number**

1149000

**Principal and registered office**

Scientia Academy, Mona Road, Burton-on-Trent, DE13 0UF

**Company secretary**

Veale Wasbrough Vizards LLP

**Chief executive officer**

Mr Steve Lancashire

**Independent auditors**

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

**REACH2 LIMITED**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' report of REAch2 Limited (the charity and the group) for the ended 31st August 2015. The Trustees confirm that the Annual report and financial statements of the charity and the group comply with the current statutory requirements, the requirements of the charity and the group's governing document, the Companies Act 2006 and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**a. CONSTITUTION**

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006. It is registered as a charity (No. 1149000 England and Wales) and as a company (No.08040828). The address of its registered office and details of trustees are given on page 1.

REAch2 Ltd is a charitable company that establishes, sponsors and supports the improvement of educational standards in academies.

**b. ORGANISATIONAL STRUCTURE**

REAch2 Ltd is often referred to by its trading name of REAch2 Academy Trust.

The Members of the Company are: Hillyfield Primary Academy; Mr Roger Pryce; Dr Rebecca McKenzie-Young; and Rev. Anne Dollery.

The Governance is provided through the REAch Limited Board. The Board membership ensures a balance of education, business and charity expertise to secure the long-term robust governance of the charity. The directors are:-

Steve Lancashire - Chief Executive Officer  
Catherine Paine - Deputy Chief Executive Officer  
Dean Ashton - Business and Finance Director  
Peter Little - Chairman and Non-Executive Director  
Rt. Revd. David Rosedale - Vice Chair and Non-Executive Director  
Prof. John West Burnham - Non-Executive Director  
Dr. Louise Askew - Non-Executive Director  
Shane Tewes - Non-Executive Director  
Clare Walsh - Non-Executive Director

The full Board meets six times a year with the executive team meeting on a weekly basis.

The Executive Team are supported by a management team including the: Head of Finance; Head of Human Resources; Head of Design and Buildings; Head Projects and Relationships Manager; School Improvement Manager; and four Executive Principals. The team is further supported through externally contracted services to support individual academies with accountancy support, accountancy systems, human resources, payroll and legal support.

Externally contracted services are through third party commercial suppliers that have no relationship to the ownership, governance or management of the company.

REAch2 establishes Multi-Academy Trusts (MATs) that are exempt charities as defined in the Academies Act 2010. REAch2 appoints Executive Principals that act as the line manager for the Principals or Head teachers for the academies within each MAT and act as the Accounting Officer for the MAT. The Executive Principal is a member of the MAT Board. The full membership of the MAT Board is defined through their company articles.

**REACH2 LIMITED**  
(A company limited by guarantee)

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

The MAT Board delegates the day-to-day governance of each academy to a Local Governing Body through a scheme of delegation.

**c. RISK MANAGEMENT**

The Management Committee has conducted a review of the major risks to which the charity is exposed. A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff and pupils.

**a. OBJECTIVES AND ACTIVITIES**

The objective of the company is to promote or assist in the promotion of education in schools. Specifically, the company/charity establishes Multi-Academy Trusts that operate and sponsor primary academies with the aim of improving and sustaining high quality education.

The company has established ten Multi-Academy Trusts: REAch2Hertfordshire Academy Trust; REAch2Croydon Academy Trust; REAch2Warwickshire Academy Trust; REAch2Waltham Forest Academy Trust; REAch2Kent Academy Trust; REAch2Thames Valley Academy Trust; REAch2Maritime Academy Trust; REAch2Staffordshire Academy Trust; REAch2Hertfordshire Academy Trust; REAch2Sussex Academy Trust and REAch2Essex Academy Trust.

These ten Academy Trusts operated a total of 40 academies: Garden City Academy; Wilshire-Dacre Junior Academy; Robert Fitzroy Academy; Aerodrome Academy; Castle Hill Academy; Broadmead Primary Academy; Oakfield Primary Academy; Riverside Primary Academy; Racemeadow Primary Academy; Woodside Primary Academy; Chapel End Junior Academy; Dorothy Barley Junior Academy; Milton Court Primary Academy; Kemsley Primary Academy; Tymberwood Academy; Dover Road Primary Academy; Brampton Primary Academy; Purfleet Primary Academy; Kirby Primary Academy; Burrsville Infant Academy; Langtons Junior Academy; Eastbrook Primary Academy; White Meadows Primary Academy; Tidemill Academy; The Palmer Academy; Scientia Academy; Springhill Primary Academy; Norton Canes Primary Academy; Heath Hayes Primary Academy; Unity Primary Academy; St Marks CofE Primary Academy; Water Lane Primary Academy; Minerva Academy; The Globe Primary Academy; St Margaret's Primary Academy; Sprites Primary Academy; Northfield St Nicholas Primary Academy; Beccles Primary Academy; Silkmore Primary Academy and Meadow Primary Academy. The company also has a very close relationship with its founding academy, Hillyfield Primary Academy.

We have a mix of academies within the trust, some are high performing schools that have chosen to join the Reach2 family, others are new provisions commissioned by Local Authorities to meet new need in their area. We also have one that is a re-brokerage from a MAT. The majority, however, are sponsored academies in need of high level support to turn them around rapidly to provide improved educational outcomes for their pupils.

**b. PUBLIC BENEFIT**

All of our activities are undertaken to further our charitable purposes for the benefit of the public. The Trustees abide by the Charity Commission guidance on public benefit (section four of the Charities Act 2011).

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**Group strategic report**

**a. ACHIEVEMENTS AND PERFORMANCE**

The key achievement measure for the Trust is the collective educational achievement of its pupils. The

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**REACH2 LIMITED**  
(A company limited by guarantee)

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

performance of REAch2 pupils, in their end of KS2 tests and assessments in the summer term 2015, demonstrated significantly higher rates of improvements than national figures. REAch2's performance against the government's key combined level 4 was 72%, this is a 13% improvement for all academies since conversion. REAch2 has also seen a 25% improvement at combined level 4+ for all sponsored academies who have been with the Trust for 2+ years.

A characteristic of REAch2's approach to school improvement is the consistent processes for performance monitoring and performance management to ensure that intervention strategies can be rapidly deployed to meet the needs of its schools. Education performance provides the focus of attention for the REAch2 Executive Directors and MAT Executive Principals. This approach is underpinned by a high quality leadership development programme for all of the REAch2 Principals / Headteachers.

**a. FINANCIAL REVIEW**

Each MAT retains 2.5% of each academy's General Allocation Grant in order to procure key back office services for its MATs. These include an annual SLA for each academy's payroll service, HR support and accountancy support. It also pays directly for each academy's financial system licences. Aerodrome & Tidemill Academies are high performing academies that do not contribute to their MATs financially. These academies pay for their back office SLAs directly.

Each MAT also contributes 3% of each academy's General Allocation Grant to REAch2 Ltd to support the costs of the Education Intervention Team, Executive Principal salaries and other centrally provided services including Headteacher leadership training and School Business Manager support. The relationship between the Trust and the MATs is defined through a Memorandum of Understanding, Service Level Agreement and Scheme of Delegation.

Individual academy accounts are produced on a monthly basis and reviewed at the termly MAT Board meetings. The accounting package is a virtual system that is monitored by the Head of Finance centrally. The Academies used a cloud based tool to budget set on an annual basis, this is also used to forecast results to the end of the year. All academies within the Trust bank with one provider and a centralised view of accounts is available and reported to Trustees. The Trust has contracted out the role of the Responsible Officer, which, provides the MAT directors a termly monitoring account of academy financial transactions and procedures which is reported at each MAT Board.

REAch2 has developed an in-house Design and Buildings team and secured delegated capital maintenance funding from the Education Funding Agency. This allows us to proactively prioritise and plan the capital maintenance works for our academies.

REAch2 is a charity and operates on a cost recovery basis for the provision of centrally provided services.

**b. RESERVES POLICY**

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The reserves are needed to meet the working capital requirements of the charity and the trustees are committed to monitor the level of reserves regularly.

Reserves at the end of the period amounted to £195,292,513 (2014: £150,694,572).

**a. PLANS FOR FUTURE PERIODS**

The Trust will increase the number of Academies within its Multi-Academy Trust to 60 by the end of August 2016. This is inline with its original business model that was set out to deliver a sustainable model of educational improvement.

Education intervention and support capacity will increase during 2015-2016 through a regional model and the

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

recruitment of Associate School Leaders will strengthen four Executive Principal led, multi-disciplinary, teams. The regional teams will each include, in addition to the Executive Principal, two Associate School Leaders, a Regional Business Manager, an HR consultant and a governance support specialist.

REACH2 will develop further its new provision academies to ten by September 2016.

The Trust is establishing a centralised procurement strategy to realise cost savings and increased effectiveness across the Trust.

With effect from 1<sup>st</sup> September a decision was taken, due to the complex nature of the group set up to restructure and move to a single Multi Academy Trust Structure. This was considered by key stakeholders and regulators and is a more effective structure to meet our objects going forward.

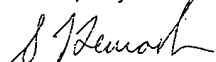
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**DISCLOSURE OF INFORMATION TO AUDITORS**

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 charitable group'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 charitable group's auditors are aware of that information.

This report, incorporating the Group strategic report, was approved by order of the board of trustees, as the company directors, on 31 May 2016 and signed on the board's behalf by:



**Steve Lancashire**  
Trustee

**REACH2 LIMITED**  
(A company limited by guarantee)

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**TRUSTEES' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2015**

The Trustees (who act as directors of REAch2 Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 the group and of its incoming resources and application of resources, including its income and expenditure, of the charitable group for that year. for that period. In preparing these financial statements, the Trustees are required to:

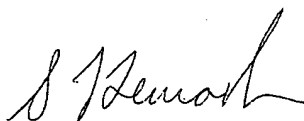
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group 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 and the group 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 EFA/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 group'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 31 May 2016 and signed on its behalf by:



**Steve Lancashire**  
Trustee

**REACH2 LIMITED**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACH2 LIMITED**

We have audited the financial statements of REACH2 Limited for the year ended 31 August 2015 which comprise the group Statement of financial activities, the group and charity Balance sheets, the group Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the charity'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 charity'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 charity and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charity 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 August 2015 and of the group's 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

**EMPHASIS OF MATTER - GOING CONCERN**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 26 to the financial statements concerning the company's ability to continue as a going concern. All of the Multi Academy Trusts with the exception of REACH2 Academy Trust (formerly REACH2 Essex Academy Trust) ceased trading on 1 September 2015 and transferred their trade, assets and liabilities on this date. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. All assets and liabilities were transferred to REACH2 Academy Trust

**REACH2 LIMITED**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACH2 LIMITED**

at their carrying amounts.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' report, incorporating the Group strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

- the parent charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity 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.

Michael Durst (Senior statutory auditor)

for and on behalf of

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditors

Mountcliff House  
154 Brent Street  
London  
NW4 2DR  
31 May 2016

**REACH2 LIMITED**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	443,004	44,623,778	45,066,782	89,670,241
Activities for generating funds	3	-	3,074,395	3,074,395	601,425
Investment income	4	27,396	-	27,396	16,201
Incoming resources from charitable activities	5	-	70,987,105	70,987,105	48,418,388
<b>TOTAL INCOMING RESOURCES</b>		<b>470,400</b>	<b>118,685,278</b>	<b>119,155,678</b>	<b>138,706,255</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities		39,345	71,750,611	71,789,956	46,358,828
Governance costs	7	-	2,484,781	2,484,781	2,293,501
<b>TOTAL RESOURCES EXPENDED</b>	8	<b>39,345</b>	<b>74,235,392</b>	<b>74,274,737</b>	<b>48,652,329</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>431,055</b>	<b>44,449,886</b>	<b>44,880,941</b>	<b>90,053,926</b>
Transfers between Funds	18	-	-	-	11,361,656
<b>NET INCOME FOR THE YEAR</b>		<b>431,055</b>	<b>44,449,886</b>	<b>44,880,941</b>	<b>101,415,582</b>
Actuarial gains and losses on defined benefit pension schemes		-	(283,000)	(283,000)	(1,612,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>431,055</b>	<b>44,166,886</b>	<b>44,597,941</b>	<b>99,803,582</b>
<i>Total funds at 1 September 2014</i>		<i>240,021</i>	<i>50,454,551</i>	<i>50,694,572</i>	<i>50,890,990</i>
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>671,076</b>	<b>194,621,437</b>	<b>195,292,513</b>	<b>150,694,572</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 13 to 36 form part of these financial statements.

**REACH2 LIMITED**  
(A company limited by guarantee)  
REGISTERED NUMBER: 08040828

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	12		205,940,294		157,195,837
Investments	13		11		-
			<u>205,940,305</u>		<u>157,195,837</u>
<b>CURRENT ASSETS</b>					
Stocks	14	39,098		27,611	
Debtors	15	5,075,723		4,569,394	
Cash at bank and in hand		11,088,053		7,319,309	
		<u>16,202,874</u>		<u>11,916,314</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(7,803,724)</u>		<u>(5,797,561)</u>	
<b>NET CURRENT ASSETS</b>			<u>8,399,150</u>		<u>6,118,753</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>214,339,455</u>		<u>163,314,590</u>
<b>CREDITORS: amounts falling due after more than one year</b>	17		<u>(593,942)</u>		<u>(24,018)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>			<u>213,745,513</u>		<u>163,290,572</u>
Defined benefit pension scheme liability	23		<u>(18,453,000)</u>		<u>(12,596,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>195,292,513</u></u>		<u><u>150,694,572</u></u>
<b>FUNDS OF THE CHARITY</b>					
Restricted funds:					
Restricted funds excluding pension liability		213,074,437		163,050,551	
Pension reserve		<u>(18,453,000)</u>		<u>(12,596,000)</u>	
- Total restricted funds			<u>194,621,437</u>		<u>150,454,551</u>
Unrestricted funds	18		<u>671,076</u>		<u>240,021</u>
<b>TOTAL FUNDS</b>			<u><u>195,292,513</u></u>		<u><u>150,694,572</u></u>

The financial statements were approved by the Board of Trustees, and authorised for issue, on 31 May 2016 and are signed on their behalf, by:



**Steve Lancashire**  
Trustee

The notes on pages 13 to 36 form part of these financial statements.

**REACH2 LIMITED**  
(A company limited by guarantee)  
REGISTERED NUMBER: 08040828

**CHARITY BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	12		46,625		28,402
Investments	13		1		-
			<u>46,626</u>		<u>28,402</u>
<b>CURRENT ASSETS</b>					
Debtors	15	353,397		296,140	
Cash at bank		520,459		153,054	
		<u>873,856</u>		<u>449,194</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	(908,632)		(650,531)	
<b>NET CURRENT LIABILITIES</b>			<u>(34,776)</u>		<u>(201,337)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>11,850</u>		<u>(172,935)</u>
<b>FUNDS OF THE CHARITY</b>					
Restricted funds	18		11,850		(172,935)
<b>TOTAL FUNDS/(DEFICIT)</b>			<u>11,850</u>		<u>(172,935)</u>

The financial statements were approved by the Board of Trustees, and authorised for issue, on 31 May 2016 and are signed on their behalf, by:



**Steve Lancashire**  
Trustee

The notes on pages 13 to 36 form part of these financial statements.

**REACH2 LIMITED**  
(A company limited by guarantee)

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	20	3,599,965	14,978,178
Returns on investments and servicing of finance	21	27,396	2,741
Capital expenditure and financial investment	21	(1,313,007)	(11,647,354)
Acquisitions and disposals	21	(11)	-
Cash transferred on conversion to academies		1,409,854	1,498,780
<b>CASH INFLOW BEFORE FINANCING</b>		<b>3,724,197</b>	<b>4,832,345</b>
Financing	21	31,698	43,815
<b>INCREASE IN CASH IN THE YEAR</b>		<b>3,755,895</b>	<b>4,876,160</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase in cash in the year	3,755,895	4,876,160
Cash outflow from decrease in debt and lease financing	(31,698)	(43,815)
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>3,724,197</b>	<b>4,832,345</b>
Net funds at 1 September 2014	7,275,494	2,443,149
<b>NET FUNDS AT 31 AUGUST 2015</b>	<b>10,999,691</b>	<b>7,275,494</b>

The notes on pages 13 to 36 form part of these financial statements.

**REACH2 LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES**

**1.1 Accounting Convention**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the 'Accounting and Reporting by Charities' Statement of Recommended Practice (SORP) 2005, Charities Act 2011, the Companies Act 2006, and consistently applied accounting policies.

**1.2 Fund accounting**

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

Restricted general funds comprise all restricted funds received including grants from the Department for Education and funds for specific capital purposes where the asset acquired or created is held for a specific purpose. See note 27 for more detail.

Investment income, gains and losses are allocated to the appropriate fund.

**1.3 Incoming resources**

All incoming resources are included in the Statement of financial activities when the charity has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the charity which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the charity are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the charity can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the charity's policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**1.4 Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the charity's educational operations.

Governance costs include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

**1.5 Going concern**

As explained in note 26, all of the Multi Academy Trusts with the exception of REAch2 Academy Trust (formerly REAch2Essex Academy Trust) transferred their trade, assets and liabilities on 1 September 2015 and have ceased trading. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that these Multi Academy Trusts are no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to REAch2 Academy Trust at their carrying amounts.

**1.6 Basis of consolidation**

The financial statements consolidate the accounts of REAch2 Limited and all of its subsidiary undertakings ('subsidiaries').

The charity has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The income and expenditure for the year dealt with in the accounts of the charity was £11,850 (2014: (£172,935))

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £2,000 are capitalised.

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. The related grants are credited to a restricted fixed asset fund in the Consolidated statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Consolidated statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the charity's depreciation policy.

The policy with respect to impairment reviews of fixed assets is to carry out a review of a fixed asset if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairments are recognised in the Statement of Financial Activities.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years
Long-term leasehold property	-	125 years
Short-term leasehold property	-	50 years
Plant and machinery	-	4 years
Motor vehicles	-	4 years
Fixtures and fittings	-	4 years
Office equipment	-	4 years
Computer equipment	-	4 years
Assets under construction	-	nil

**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 Taxation**

The charity 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 charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.10 Pensions**

Retirement benefits to employees of the charity are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the charity.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the charity 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 quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the charity 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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	443,004	82,588	525,592	116,581
Assets gifted from predecessor schools	-	44,541,190	44,541,190	89,553,660
Voluntary income	<u>443,004</u>	<u>44,623,778</u>	<u>45,066,782</u>	<u>89,670,241</u>

**3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS**

	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Activities for generating funds	<u>3,074,395</u>	<u>3,074,395</u>	<u>601,425</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**4. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment income	27,396	-	27,396	16,201

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Grants	70,264,530	70,264,530	46,814,626
Educational Income	722,575	722,575	1,603,762
	<u>70,987,105</u>	<u>70,987,105</u>	<u>48,418,388</u>

**6. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Educational activities	39,345	71,750,611	71,789,956	46,358,828

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Educational activities	49,217,756	3,482,942	19,089,258	71,789,956	46,358,828

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Governance Auditors' remuneration	-	205,530	205,530	227,858
Governance Auditors' non audit costs	-	206,040	206,040	81,579
Start up and conversion costs	-	2,073,211	2,073,211	1,984,064
	<u>-</u>	<u>2,484,781</u>	<u>2,484,781</u>	<u>2,293,501</u>

**8. RESOURCES EXPENDED**

	Staff costs 2015 £	Non Pay Expenditure Other costs 2015 £	Total 2015 £	Total 2014 £
Direct costs- Educational activities	38,188,151	8,480,281	46,668,432	32,372,323
Support costs - Educational activities	11,029,604	14,091,920	25,121,524	13,986,505
<b>Charitable activities</b>	<u>49,217,755</u>	<u>22,572,201</u>	<u>71,789,956</u>	<u>46,358,828</u>
<b>Governance</b>	<u>-</u>	<u>2,484,781</u>	<u>2,484,781</u>	<u>2,293,501</u>
	<u>49,217,755</u>	<u>25,056,982</u>	<u>74,274,737</u>	<u>48,652,329</u>

**9. NET INCOMING RESOURCES**

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	3,482,943	1,644,794
Auditors' remuneration	205,530	227,858
Auditors' remuneration - non-audit	206,040	81,579
Operating lease rentals:		
- plant and machinery	165,374	96,871
	<u>3,859,887</u>	<u>1,951,102</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**10. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries.	40,029,576	25,662,179
Social security costs	2,361,268	1,458,803
Other pension costs (Note 23)	6,826,911	4,322,554
	<u>49,217,755</u>	<u>31,443,536</u>

**b. Staff numbers**

The average number of persons employed by the charity during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teaching	671	526
Administrative and Support	1,196	841
Management	56	40
	<u>1,923</u>	<u>1,407</u>

**c. Higher paid staff**

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £90,000 - £95,000	0	1
In the band £95,000 - £100,000	1	0
In the band £130,000 - £135,000	1	1
In the band £135,000 - £140,000	0	1
In the band £140,000 - £145,000	1	0

Two of the above employees participated in the Teachers Pension Scheme. During the year ended 31 August 2015, employer's pension contributions amounted to £22,220 (2014: £31,568). The other employee participated in the Local Government Pension Scheme; employer's pension contributions amounted to £15,654 (2014: £37,570).

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

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

	2015 £'000	2014 £'000
Cathie Paine, Trustee (REACH2 Limited)	140-145	135-140
Shane Tewes (Headteacher- The Woodside Academy (REACH2WalthamForest Academy Trust))	95-100	90-95
Dean Ashton, Trustee (REACH2 Limited)	130-135	130-135
Mark Elms, Trustee (REACH2 Limited)		5-10
Prof John Haydn West-Burnham, Trustee (REACH2 Limited)	10-15	0-5

During the year ended 31 August 2015, travel and subsistence expenses totaling £26,279 (2014: £26,459) relating in the main to the executive team. Expenses incurred related to visiting academies and attending board meetings which are based on receipts for public transport or car mileage set at the HMRC rate and were reimbursed to 5 Trustees (2014: 4).

**12. TANGIBLE FIXED ASSETS**

Group	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £
<b>Cost</b>					
At 1 September 2014	-	145,701,204	11,174,040	1,847,961	25,326
Additions	7,967,462	35,056,680	5,757,460	-	-
Disposals	-	-	-	-	-
At 31 August 2015	7,967,462	180,757,884	16,931,500	1,847,961	25,326
<b>Depreciation</b>					
At 1 September 2014	-	1,724,757	364,904	906,987	3,166
Charge for the year	94,738	1,549,986	546,161	453,495	6,332
At 31 August 2015	94,738	3,274,743	911,065	1,360,482	9,498
<b>Net book value</b>					
At 31 August 2015	7,872,724	177,483,141	16,020,435	487,479	15,828
At 31 August 2014	-	143,976,447	10,809,136	940,974	22,160

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**12. TANGIBLE FIXED ASSETS (continued)**

<b>Group</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Assets under construction £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 September 2014	1,179,803	837,367	-	160,765,701
Additions	399,240	848,896	2,197,969	52,227,707
Disposals	(48)	(259)	-	(307)
At 31 August 2015	<u>1,578,995</u>	<u>1,686,004</u>	<u>2,197,969</u>	<u>212,993,101</u>
<b>Depreciation</b>				
At 1 September 2014	311,319	258,731	-	3,569,864
Charge for the year	355,128	477,103	-	3,482,943
At 31 August 2015	<u>666,447</u>	<u>735,834</u>	<u>-</u>	<u>7,052,807</u>
<b>Net book value</b>				
At 31 August 2015	<u>912,548</u>	<u>950,170</u>	<u>2,197,969</u>	<u>205,940,294</u>
At 31 August 2014	<u>868,484</u>	<u>578,636</u>	<u>-</u>	<u>157,195,837</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

	Fixtures and fittings £	Computer equipment £	Total £
<b>Charity</b>			
<b>Cost</b>			
At 1 September 2014	5,119	23,283	28,402
Additions	13,461	20,304	33,765
At 31 August 2015	<u>18,580</u>	<u>43,587</u>	<u>62,167</u>
<b>Depreciation</b>			
At 1 September 2014	-	-	-
Charge for the year	4,645	10,897	15,542
At 31 August 2015	<u>4,645</u>	<u>10,897</u>	<u>15,542</u>
<b>Net book value</b>			
At 31 August 2015	<u>13,935</u>	<u>32,690</u>	<u>46,625</u>
At 31 August 2014	<u>5,119</u>	<u>23,283</u>	<u>28,402</u>

**13. FIXED ASSET INVESTMENTS**

	Trade investments £
<b>Group</b>	
<b>Market value</b>	
At 1 September 2014	-
Additions	11
At 31 August 2015	<u>11</u>

**Group investments at market value comprise:**

	2015 £
11 shares in REAch2 Inspiration Limited	<u>11</u>

All the fixed asset investments are held in the UK

	Trade investments £
<b>Charity</b>	
<b>Market value</b>	
At 1 September 2014	-
Additions	1
At 31 August 2015	<u>1</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**13. FIXED ASSET INVESTMENTS (continued)**

Charity investments at market value comprise:

	2015 £
1 share in REAch2 Inspiration Limited	1

All the fixed asset investments are held in the UK

**14. STOCKS**

	<u>Group</u>		<u>Charity</u>	
	2015 £	2014 £	2015 £	2014 £
Clothing	39,098	27,611	-	-

**15. DEBTORS**

	<u>Group</u>		<u>Charity</u>	
	2015 £	2014 £	2015 £	2014 £
Trade debtors	310,116	255,862	78,613	110,607
Other debtors	1,606,728	2,079,648	171,501	3,060
Prepayments and accrued income	3,158,879	2,233,884	103,283	182,473
	<u>5,075,723</u>	<u>4,569,394</u>	<u>353,397</u>	<u>296,140</u>

**16. CREDITORS:**

Amounts falling due within one year

	<u>Group</u>		<u>Charity</u>	
	2015 £	2014 £	2015 £	2014 £
Bank loans and overdrafts	12,849	-	-	-
Other loans	75,513	19,797	-	-
Trade creditors	2,365,518	1,785,189	323,779	298,024
Amounts owed to group undertakings	-	-	304,960	312,067
Other taxation and social security	814,546	583,186	31,527	-
Other creditors	1,898,347	967,182	166,423	-
Accruals and deferred income	2,636,951	2,442,207	81,943	40,440
	<u>7,803,724</u>	<u>5,797,561</u>	<u>908,632</u>	<u>650,531</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**16. CREDITORS:**  
**Amounts falling due within one year (continued)**

	<u>Group</u>	<u>Charity</u>
	£	£
<b>Deferred income</b>		
Deferred income at 1 September 2014	1,301,267	-
Resources deferred during the year	1,081,673	-
Amounts released from previous years	(1,301,267)	-
Deferred income at 31 August 2015	<u>1,081,673</u>	<u>-</u>

**17. CREDITORS:**  
**Amounts falling due after more than one year**

	<u>Group</u>		<u>Charity</u>	
	2015	2014	2015	2014
	£	£	£	£
Other loans	-	24,018	-	-
Other creditors	593,942	-	-	-
	<u>593,942</u>	<u>24,018</u>	<u>-</u>	<u>-</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	<u>Group</u>		<u>Charity</u>	
	2015	2014	2015	2014
	£	£	£	£
Repayable other than by instalments	<u>94,347</u>	<u>-</u>	<u>-</u>	<u>-</u>

**18. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>					
General Funds - all funds	240,021	470,400	(39,345)	-	671,076
<b>Restricted funds</b>					
Restricted Funds - all funds	163,050,551	123,003,278	(72,979,392)	-	113,074,437
Pension reserve	(12,596,000)	(4,318,000)	(1,256,000)	(283,000)	(18,453,000)
	<u>150,454,551</u>	<u>118,685,278</u>	<u>(74,235,392)</u>	<u>(283,000)</u>	<u>194,621,437</u>
<b>Total of funds</b>	<u>150,694,572</u>	<u>119,155,678</u>	<u>(74,274,737)</u>	<u>(283,000)</u>	<u>195,292,513</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**18. STATEMENT OF FUNDS (continued)**

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
General funds	240,021	470,400	(39,345)	-	671,076
Restricted funds	150,454,551	18,685,278	(74,235,392)	(283,000)	194,621,437
	<u>150,694,572</u>	<u>19,155,678</u>	<u>(74,274,737)</u>	<u>(283,000)</u>	<u>195,292,513</u>

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

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	105,940,294	205,940,294	157,195,837
Trade investments	-	11	11	-
Current assets	671,076	15,531,798	16,202,874	11,916,314
Creditors due within one year	-	(7,803,724)	(7,803,724)	(5,797,561)
Creditors due in more than one year	-	(593,942)	(593,942)	(24,018)
Provisions for liabilities and charges	-	(18,453,000)	(18,453,000)	(12,596,000)
	<u>671,076</u>	<u>194,621,437</u>	<u>195,292,513</u>	<u>150,694,572</u>

**20. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Net incoming resources before revaluations	44,880,941	101,415,582
Returns on investments and servicing of finance	(27,396)	(2,741)
Assets gifted by predecessor schools	(44,541,191)	(89,553,660)
Capital grants from DfE	(3,453,887)	(882,732)
Depreciation of tangible fixed assets	3,482,943	2,466,460
Increase in stocks	(11,487)	(12,942)
Increase in debtors	(506,329)	(2,985,452)
Increase in creditors	2,520,371	4,068,663
FRS 17 adjustments	1,256,000	465,000
<b>Net cash inflow from operations</b>	<u>3,599,965</u>	<u>14,978,178</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	27,396	2,741
	<u>27,396</u>	<u>2,741</u>
	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(4,767,201)	(12,530,086)
Sale of tangible fixed assets	307	-
EFA and Local Authority Capital grants received	3,453,887	882,732
	<u>(1,313,007)</u>	<u>(11,647,354)</u>
<b>Net cash outflow capital expenditure</b>		
	2015 £	2014 £
<b>Acquisitions and disposals</b>		
Purchase of fixed asset investments	(11)	-
	<u>(11)</u>	<u>-</u>
	2015 £	2014 £
<b>Financing</b>		
Repayment of loans	(24,018)	-
Other new loans	55,716	43,815
	<u>31,698</u>	<u>43,815</u>
<b>Net cash inflow from financing</b>		

**22. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	7,319,309	3,768,744	-	11,088,053
Bank overdraft	-	(12,849)	-	(12,849)
	<u>7,319,309</u>	<u>3,755,895</u>	<u>-</u>	<u>11,075,204</u>
<b>Debt:</b>				
Finance leases	-	-	-	-
Debts due within one year	(19,797)	-	(55,716)	(75,513)
Debts falling due after more than one year	(24,018)	-	24,018	-
	<u>(43,815)</u>	<u>-</u>	<u>24,018</u>	<u>(49,795)</u>
<b>Net funds</b>	<u>7,275,494</u>	<u>3,755,895</u>	<u>(31,698)</u>	<u>10,999,691</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**23. PENSION COMMITMENTS**

The group's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2015.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £2,787,712 (2014: £1,731,829).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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**23. PENSION COMMITMENTS (continued)**

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The group has accounted for its contributions to the scheme as if it were a defined contribution scheme. The group has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £3,684,000, of which employer's contributions totalled £2,921,000 and employees' contributions totalled £763,000. The agreed contribution rates for future years are Essex 12.3% - 26.1%, Waltham Forest 12.3% - 28.2%, Croydon 11.5% - 21.2%, Kent 20.6% - 21.0%, Hertfordshire 20.6%, Warwickshire 19.0%, Sussex 19.0% - 23.7%, Staffordshire 19.2% - 20.6%, Thames Valley 16.6% - 21.7%, Maritime 20.6% for employers and 5.5% to 8.5% for employees.

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

As described in note the LGPS obligation relates to the employees of the group, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the group at the balance sheet date.

There are 11 LGPS defined benefit schemes in the Group and they include the following schools:

Essex County Council Pension Fund - 5 primary schools  
Waltham Forest County Council Pension Fund - 4 primary schools  
Croydon County Council Pension Fund - 5 primary schools  
Kent County Council Pension Fund - 5 primary schools  
Hertfordshire County Council Pension Fund - 2 primary schools  
Warwickshire County Council Pension Fund - 3 primary schools  
Sussex County Council Pension Fund - 3 primary schools  
Thames Valley County Council Pension Fund - 2 primary schools  
Staffordshire County Council Pension Fund - 5 primary schools  
Lewisham County Council Pension Fund - 1 primary school  
Suffolk County Council Pension Fund - 5 primary schools

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(33,228,000)	(20,894,000)
Fair value of scheme assets	14,775,000	8,298,000
Net liability	<u>(18,453,000)</u>	<u>(12,596,000)</u>

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**23. PENSION COMMITMENTS (continued)**

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

	2015 £	2014 £
Current service cost	(3,806,000)	(1,736,000)
Interest on obligation	(913,000)	(601,000)
Expected return on scheme assets	583,000	299,000
Gains on curtailments and settlements	(7,000)	-
<b>Total</b>	<b>(4,143,000)</b>	<b>(2,038,000)</b>
 Actual return on scheme assets	 <b>358,000</b>	 <b>518,000</b>

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

	2015 £	2014 £
Opening defined benefit obligation	20,894,000	5,261,000
Current service cost	3,806,000	1,736,000
Interest cost	913,000	601,000
Contributions by scheme participants	763,000	435,000
Actuarial Losses	25,000	1,986,000
Past service costs	34,000	-
Losses on curtailments	7,000	-
Liabilities assumed in a business combination	6,842,000	10,905,000
Benefits paid	(56,000)	(30,000)
<b>Closing defined benefit obligation</b>	<b>33,228,000</b>	<b>20,894,000</b>

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

	2015 £	2014 £
Opening fair value of scheme assets	8,298,000	1,347,000
Expected return on assets	583,000	299,000
Actuarial gains and (losses)	(258,000)	374,000
Contributions by employer	2,921,000	1,573,000
Contributions by employees	763,000	435,000
Assets acquired in a business combination	2,524,000	4,300,000
Benefits paid	(56,000)	(30,000)
<b>Total</b>	<b>14,775,000</b>	<b>8,298,000</b>

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of total recognised gains and losses was £1,895,000 (2014 - £1,612,000).

The group expects to contribute £3,300,000 (2014 - £2,044,000) to its Defined benefit pension scheme in 2016.

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**23. PENSION COMMITMENTS (continued)**

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	65.00 %	66.00 %
Bonds	17.00 %	16.00 %
Property	10.00 %	10.00 %
Cash	8.00 %	8.00 %

**Warwickshire County Council Pension Fund**

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Expected return on scheme assets at 31 August	3.80 %	5.50 %
Rate of increase in salaries	4.60 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %

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

	2015	2014
Retiring today		
Males	22.4	22.4
Females	24.4	24.4
Retiring in 20 years		
Males	24.3	24.3
Females	26.6	26.6

**Essex County Council Pension Fund**

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	4.00 %
Expected return on scheme assets at 31 August	3.70 %	3.50 %
Rate of increase in salaries	4.20 %	4.50 %
Rate of increase for pensions in payment / inflation	2.60 %	2.70 %

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

	2015	2014
Retiring today		
Males	22.4	22.7
Females	23.9	25.1
Retiring in 20 years		
Males	24.5	24.9
Females	27.1	27.4

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. PENSION COMMITMENTS (continued)**

Waltham Forest County Council Pension Fund

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.90 %	4.00 %
Expected return on scheme assets at 31 August	3.80 %	5.20 %
Rate of increase in salaries	4.30 %	3.90 %
Rate of increase for pensions in payment / inflation	2.70 %	2.60 %
Inflation assumption (CPI)	2.60 %	2.60 %

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

	2015	2014
Retiring today		
Males	24.1	23.0
Females	26.6	25.4
Retiring in 20 years		
Males	24.1	25.3
Females	26.6	27.8

Croydon County Council Pension Fund

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.70 %	3.70 %
Expected return on scheme assets at 31 August	3.70 %	5.40 %
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment / inflation	2.60 %	2.70 %

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

	2015	2014
Retiring today		
Males	22.3	22.3
Females	24.4	24.4
Retiring in 20 years		
Males	24.4	24.4
Females	26.7	26.7

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. PENSION COMMITMENTS (continued)**

**Kent County Council Pension Fund**

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	4.00 %	4.50 %
Expected return on scheme assets at 31 August	3.60 %	5.90 %
Rate of increase in salaries	4.50 %	5.00 %
Rate of increase for pensions in payment / inflation	3.60 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.80 %

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

	2015	2014
Retiring today		
Males	22.8	22.7
Females	25.2	25.1
Retiring in 20 years		
Males	25.1	24.9
Females	27.6	27.4

**Hertfordshire County Council Pension Fund**

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.70 %	3.70 %
Expected return on scheme assets at 31 August	3.70 %	5.40 %
Rate of increase in salaries	4.00 %	4.00 %
Rate of increase for pensions in payment / inflation	2.60 %	2.70 %

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

	2015	2014
Retiring today		
Males	22.3	22.3
Females	24.5	24.5
Retiring in 20 years		
Males	24.3	24.3
Females	26.7	26.7

**Sussex County Council Pension Fund**

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.70 %	4.00 %
Expected return on scheme assets at 31 August	3.70 %	3.50 %
Rate of increase in salaries	4.00 %	4.50 %
Rate of increase for pensions in payment / inflation	2.60 %	2.70 %

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. PENSION COMMITMENTS (continued)**

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

	2015	2014
Retiring today		
Males	24.4	22.7
Females	25.8	25.1
Retiring in 20 years		
Males	26.9	24.9
Females	28.5	27.4

**Staffordshire County Council Pension Fund**

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	4.00 %
Expected return on scheme assets at 31 August	3.80 %	3.50 %
Rate of increase in salaries	4.60 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %

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

	2015	2014
Retiring today		
Males	22.1	22.7
Females	24.3	25.1
Retiring in 20 years		
Males	24.3	24.9
Females	26.6	27.4

**Thames Valley County Council Pension Fund**

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	4.00 %	4.00 %
Expected return on scheme assets at 31 August	3.60 %	3.70 %
Rate of increase in salaries	4.50 %	2.20 %
Rate of increase for pensions in payment / inflation	3.20 %	2.20 %

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**23. PENSION COMMITMENTS (continued)**

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

	2015	2014
Retiring today		
Males	22.5	23.0
Females	25.7	25.4
Retiring in 20 years		
Males	24.7	25.3
Females	28.0	27.8

Lewisham County Council Pension Fund

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	2.70 %
Expected return on scheme assets at 31 August	3.80 %	5.60 %
Rate of increase in salaries	4.60 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %

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

	2015	2014
Retiring today		
Males	21.7	21.7
Females	24.0	24.0
Retiring in 20 years		
Males	24.4	24.4
Females	26.7	26.7

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2015 £	2014 £
Defined benefit obligation	(33,228,000)	(20,894,000)
Scheme assets	14,775,000	8,298,000
Deficit	(18,453,000)	(12,596,000)
Experience adjustments on scheme liabilities	(25,000)	(1,986,000)
Experience adjustments on scheme assets	(258,000)	374,000

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**24. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings		2015	Other
	2015	2014		2014
	£	£	£	£
<b>Expiry date:</b>				
Within 1 year	-	-	15,948	27,989
Between 2 and 5 years	-	-	121,841	141,415

**25. RELATED PARTY TRANSACTIONS**

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

The following related party transactions took place during the year:-

BWB (Lincoln) Limited - a company in which Professor John West-Burnham, a trustee has a majority interest. Transactions totalling £13,500 for educational consultancy from BWB (Lincoln) Limited took place in the period. John provided services to train head teachers within the Multi Academy Trusts. There were no amounts outstanding at 31 August 2015.

Hillyfield Academy - a company in which Steve Lancashire, a trustee of REAch2 Limited, is a paid employee. Transactions totaling £212,933 were invoiced during the period for services relating to Steve's time and recharging of expenses relating to venue hire provided to REAch2 Limited. There was £209,022 outstanding at 31 August 2015.

Dr Louise Askew - a trustee of the Board and NLG headed up a governance working party, supporting our new governance structure, MAT merger and policy documentation that took effect from 1 September 2015. A transaction totalling £5,750 was invoiced and paid in full during the year. There were no amounts outstanding at 31 August 2015.

**26. POST BALANCE SHEET EVENTS**

All of the multi academy trusts with the exception of REAch2 Academy Trust (formerly REAch2Essex Academy Trust) transferred their trade, assets and liabilities on 1 September 2015 and ceased trading on this date. All assets and liabilities were transferred to REAch2 Academy Trust at their carrying amounts. The funding agreement between transferee multi academy trusts and the ultimate controlling party, REAch2 Limited, remains unchanged at 1 September 2015, albeit under a different group structure.

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**27. RESTRICTED FUNDS**

	Balance at 01 September 2014	Incoming Resources	Resources Expended	Transfers	Unspent 31 August 2015
	£	£	£	£	£
Special needs children	-	1,691,645	(1,691,645)	-	-
Disadvantaged pupils	-	6,152,093	(6,152,093)	-	-
Acquisition of school properties and assets	134,867,669	44,541,190	(3,482,942)	-	175,925,917
Start up grants for new academies	-	1,452,060	(1,452,060)	-	-
Pupil spend and running of academies	15,586,882	61,490,895	(58,382,257)	-	18,695,520
Educational fundraising activities	-	3,074,395	(3,074,395)	-	-
	<b>150,454,551</b>	<b>118,402,278</b>	<b>(74,235,392)</b>	<b>-</b>	<b>194,621,437</b>

The unspent restricted fund of £175,925,917 relates to the fixed asset balance of properties transferred on conversion of the schools to academies and assets purchased from monies received from the education funding agency and local authorities. These assets will be depreciated over the coming years.

The unspent restricted fund of £18,695,520 relates to grants monies received from the education funding agency (EFA) and the local authorities. This will be spent in the coming years.