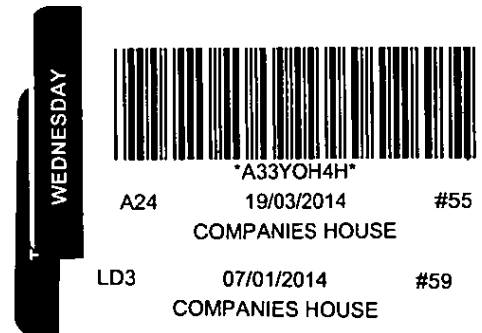


**REACH2ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**



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

**REACH2ESSEX ACADEMY TRUST**  
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**REACH2ESSEX ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

<b>Trustees</b>	Steve Lancashire, Chair Mark Elms Dean Ashton Elaine Brooke, Pnnicipal Director Shane Tewes (resigned 9 July 2013) Cathie Paine, Executive Pnnicipal REAch2 Ltd represented by Steve Lancashire
<b>Company registered number</b>	08452281
<b>Principal and registered office</b>	Hillyfield Pnmary School Higham Hill Road London E17 6ED
<b>Company secretary</b>	Winckworth Sherwood
<b>Chief executive officer</b>	Mr S Lancashire
<b>Independent auditors</b>	Landau Baker Limited Chartered Accountants Mountcliff House 154 Brent Street London NW4 2DR

**REACH2ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

The directors present their report together with the audited financial statements of the Academy for the period ended 31 August 2013. The directors have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005 in preparing the annual report and financial statements of the charity.

**Structure, governance and management**

**a. CONSTITUTION**

The Academy is a company limited by guarantee and an exempt charity. It was set up on 19th March 2013 and in terms of a Funding Agreement entered into with the Secretary of State for Education, became an Academy Trust on 1st April 2013. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy.

The directors act as the trustees for the charitable activities of REAch2Essex Academy Trust and some are also the directors of the Charitable Company for the purposes of company law.

Details of governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

**b. MEMBERS' LIABILITY**

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease 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.

**c. GOVERNORS INDEMNITIES**

Subject to the provisions of the Companies Act, every governor or other officer of the charitable company shall be indemnified out of the assets of the charitable company against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Charitable Company.

**d. PRINCIPAL ACTIVITIES**

The principal activity of the Charitable Company is to advance, for the public benefit, education in Essex and the surrounding area by maintaining and operating REAch2Essex Academy Trust in Essex.

**e. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The directors are appointed under the terms of the Academy's articles of association.

- REAch2 Ltd
- REAch2 Appointed Directors as REAch2 sees fit
- The Executive Principal (referred to as the Executive Director in the articles) if appointed by REAch2 for as long as they remain in office
- One Academy Director, which will be a Chair of a Local Governing Body of an Academy within the Trust. Where there is more than one candidate the Chairs will elect the Academy Director for a period of one year.
- One Principal Director, which will be a Principal of an Academy within the Trust. Where there is more than one candidate the Principals will elect the Principal Director for a period of one year.
- Directors co-opted by the Board
- A minimum of two parent governors unless the Local Governing Bodies each have at least two Parent

**REACH2ESSEX ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**Governors**

- The Directors may also, with the consent of REAch2, appoint staff directors providing that the total number of staff directors including the Executive Principal, Principal, Co-opted and appointed staff directors does not exceed one third of the total number of Directors

The term of office for any governor shall be four years. The Executive Principal term of office runs parallel with her contract of employment. Subject to remaining eligible to be a particular type of governor any governor may be reappointed or re-elected. The Academy Director and Principal Director are elected annually.

**f. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS**

During the period under review the directors held one meeting. The training and induction provided for new directors will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters. All directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and directors of the Chantable Company.

**g. ORGANISATIONAL STRUCTURE**

The Chantable Company has established a management structure to enable its efficient running. The structure consists of two levels: the non-executives and the executive who are the senior leadership team.

The Board of Directors has considered its role thoughtfully and decided that the role of the directors is to approve the strategic direction and objectives of the Chantable Company and monitor its progress towards these objectives.

The Board has approved a scheme of delegation, which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference.

Directors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Chantable Company by use of budgets and making major decisions about the direction of the Chantable Company, including capital expenditure and senior staff appointments.

**h. RISK MANAGEMENT**

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The academy has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

The principal object and activity of the Chantable Company is the operation of Academies to provide education in Essex.

In accordance with the articles of association the Chantable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government is part of the wider 'Master Funding Agreement' between the Company and the Secretary of State and 'Supplemental Funding Agreements' for each Academy. The Funding Agreement specifies, amongst other things, that the academies will be at the heart of their communities promoting community cohesion and sharing facilities, the basis for admitting students

**REACH2ESSEX ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

to the Academy, that the curriculum should be broad and balanced, there will be an emphasis on the needs of individual pupils including pupils with SEN, the basis for charging pupils

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

REACH2 Essex Academy Trust has a strong relationship with REACH2 Ltd. This relationship is defined through the Memorandum of Understanding that the Trust and REACH2 Ltd have agreed. REACH2 Ltd is a charity with the purpose

"REACH2 (Raising Educational Achievement for Children) is an Academy Trust developed by Hillyfield Primary Academy. Its core mission is to create a family of primary academies that have strong reputations for delivering outstanding education for all pupils. Through working increasingly across a wide geographical area with schools in a variety of contexts, REACH2 will seek to be an influential voice in the primary sector."

The mission and vision of REACH2 is set out in its mission and vision statement. In fulfilling this mission, REACH2 has established a network of academies who share a common vision and purpose. This Memorandum acknowledges the shared vision and the commitments that REACH2 and all the REACH2 Academy Trusts and their respective REACH2 Academies (the "Trust"), by signing this Memorandum, make to each other. The relationship between REACH2 and the Trust is intended to be mutually beneficial and reflects their wish to work together and to collaborate. Whilst there is no intention to create legally binding obligations in this Memorandum, it reflects the expectations that the parties have of each other.

"The strength of the partnership between REACH2 and the Trust and the REACH2 Academies and more widely the REACH2 network of schools lies in the fact that all look outwards as well as inwards and the interaction with others provides challenge and opportunity as well as promotes best practice. Whilst it may be clear that the primary objective of this Memorandum is to provide mutual support, nothing in this Memorandum will prohibit either REACH2 or the Trust collaborating with other local and national networks."

The main objectives of the Academy Trust during the period ended 31 August 2013 are summarised below:

- achieve consistently high standards of teaching and learning
- provide local leadership capacity and support
- develop cost effective curriculum design and collaboration which optimises opportunities for pupils and students and provides added value progress for them
- provide support building upon individual learning and/or areas of strength between schools to improve key aspects of performance
- achieve best value in service delivery especially where partnership working can add value

The Academy's vision is to build an ethos of

- Every child is capable of extraordinary achievement
- For any child to realise their inner potential they need an environment and adult role models that support their love and enjoyment of learning
- Every child has an absolute right to an equal opportunity to flourish in a REACH2 academy
- Our pupils will develop the skills, knowledge and attitudes to realise their own dreams through a positive contribution to their community and wider society
- Self realisation and positive contribution stem from a confidence and strength in one's own identity that allows us to embrace and respect the identity of other individuals and groups in our community and wider society
- The long-term well being of our pupils is dependent on a sustainable economy, society and environment. We need to teach our children to be able to contribute to achieving that sustainability as adults
- It is the responsibility of all of the adult staff in REACH2 to remove the barriers to each individual child's development and create the conditions in which they are able to love and enjoy learning
- It is the responsibility of each REACH2 academy to reach out and raise and support the aspiration of their community to believe in their children's potential
- The Academy Trust will build its capacity through a target to operate at least six academies, recruited from a mix of sponsorships, new provision and conversions

The Academy Trust secures value for money and consistent quality of support services through a combination of

## **REACH2ESSEX ACADEMY TRUST**

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### **TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2013**

centrally procured and provided services. Services that are centrally procured by the Academy Trust, but paid for directly by the academies are legal services, audit services and responsible officer services. Services that are directly provided or procured by the Academy Trust and paid for by the Trust, on behalf of its academies include

#### **1 MAT Leadership**

An Executive Principal will lead each MAT. REAch2 will provide the MAT Executive Director and Academy Principal leadership recruitment, mentoring, and support and performance management. REAch2 will provide the wider performance management framework for educational standards in each academy. REAch2 will also provide MAT Governance support for policy development and statutory duties.

#### **2 REAch2 Group Leadership**

The REAch2 Group Leadership will be increased to ensure appropriate skill and capacity mix for the size of organisation.

#### **3 Education Performance and Intervention Staff**

REAch2 will have a 'rapid deployment' education intervention team that is additional to our growing school based capacity to support other schools.

A key element of the performance monitoring is the use of experienced HMI commissioned to carry out 'Moderated Trust Inspections' (MTI).

The Trust will provide curriculum and behaviour guidance for its MATs along with targeted professional development programmes.

#### **4 Business and Administration**

This capacity will be used to the benefit of the whole group in order to bring benefits of value for money and economies of scale to individual academies.

The key capacity areas will be

- a Finance and Accountancy
- b Procurement
- c Insurance
- d Project Management
- e Administration

#### **5 Back Office Support for Individual Academies**

- a Accountancy systems
- b Full Accountancy support including centralised reconciliation and reporting
- c Payroll provision
- d Full HR Support and Management
- e Employment insurance
- f Procurement and tendering for group based procurement frameworks and contracts (day to day incidental procurement will remain with academies)
- g Emergency and disaster recovery support
- h Facilities and capital project management

The Academy Trust retains a percentage of each academy's monthly EFA income in order to provide these services. The percentage retention for the period up to August 31st 2013 was 4.0%.

Where greater benefit can be achieved for the Academy Trust, by the provision of services across the wider REAch2 Group, then the Academy Trust purchases those services through a set contribution to the charity, REAch2 Ltd, on a not-for-profit basis. For the period to August 31st 2013, 46.25% of the Academy Trusts retained income from its academies (4% of their EFA funding) was paid to REAch2 Ltd for the supply of services. These services focused on Academy trust leadership support, leadership professional development, MAT Board support, performance management, education intervention, policy development, group procurement.

**REACH2ESSEX ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**c. PUBLIC BENEFIT**

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education

**Achievements and performance**

Academy	Date Academy joined REAch2	Sponsored/Converter/New Provision	Level 4+				Level 5				2012/13 Comparison		Above Floor?
			Reading %	Writing %	Maths %	Reading, Writing & Maths (combined) %	Reading %	Writing %	Maths %	Reading, Writing & Maths (combined) %	2012 Combined Level 4+	+/- 2012	
Purfleet Primary Academy	1st Apr 2013	Sponsored	67	55	52	48	19	2	24	2	55	-7%	No
Langtons Junior Academy	1st Apr 2013	Sponsored	91	91	84	75	46	32	47	22	80	-5%	Yes

Both Purfleet Primary Academy and Langton's Junior Academy opened as 'Fast Track Sponsored' academies on April 1st 2013

Both academies had only just joined REAch2 at the point of the summer Key Stage 2 tests being taken. Performance management monitoring indicates that the academies are making very sound and positive progress.

**a. GOING CONCERN**

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

**Financial review**

The Charitable Company was incorporated on 19th March 2013 and commenced operating as an Academy Trust on 1st April 2013. No activities were carried on by the company from the date of incorporation until 1st April 2013, when the net assets of the Purfleet Primary Academy and Langton's Junior Academy were transferred to the Charitable Company.

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), such grants 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 expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.



**REACH2ESSEX ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**a. 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 governors will keep this level of reserves under review.

Reserves at the end of the period amounted to £5,392,520.

**Plans for Future Periods**

The Trust has a declared aim to grow to a minimum of six primary academies over a four-year period. Kirby Primary Academy joined the Trust on 1st October 2013. Burrsville Infants Academy joined the Trust on 1st December 2013.

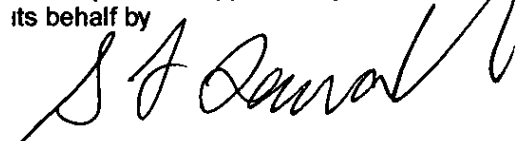
The Academy Trust intends to give greater resilience to its financial management through the membership of a centralised REAch2 Group Financial Monitoring and Reporting service.

**DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as the governors are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report was approved by order of the members of the Governing Body on 13 December 2013 and signed on its behalf by



**Steve Lancashire**  
**Chair**

**REACH2ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

As directors we acknowledge we have overall responsibility for ensuring that REAch2Essex 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 misstatement or loss.

The board of directors has delegated the day-to-day responsibility to the Executive Principal (referred to in the Articles as the Executive Director), as accounting officer, for ensuring financial controls conform with the requirements and responsibilities assigned to it in the Master Funding Agreement and Supplementary Funding Agreements between REAch2Essex Academy Trust and the Secretary of State. They are also responsible for reporting to the Board of directors any material weakness or breakdowns in internal control.

The board of directors has delegated the day-to-day governance of the individual academies to the Local Governing Bodies. REAch2Essex Academy Trust operated two academies during the period 1 April 2013 to 31 August 2013, Purfleet Primary Academy and Langtons Junior Academy. The Local Governing Bodies operate within a Scheme of Delegation described within the Articles of the company.

**GOVERNANCE**

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

Trustee	Meetings attended	Out of a possible
Steve Lancashire, Chair	1	1
Mark Elms	1	1
Dean Ashton	1	1
Elaine Brooke, Principal Director	1	1
Shane Tewes	0	1
Cathie Paine, Executive Principal	0	1
REAch2 Ltd represented by Steve Lancashire	1	1

The Finance and General Purposes Committee is a sub-committee of the main Board of Directors. Its purpose is to receive financial monitoring reports from individual academies and consider individual academy budget proposals for authorisation. The committee was established in July 2013.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Steve Lancashire, Chair	2	2
Mark Elms	2	2
Dean Ashton	2	2
Cathie Paine, Executive Principal	2	2

**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 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 REAch2Essex Academy Trust for the period 1 April 2013 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

**REACH2ESSEX ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

**CAPACITY TO HANDLE RISK**

The board of directors has a risk and control framework in place that reviews 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 directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that have been in place for the period 1 April 2013 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

**THE RISK AND CONTROL FRAMEWORK**

The Executives Directors, Steve Lancashire, Cathie Paine, Dean Ashton and Mark Elms meet on a weekly basis to review on-going educational, financial and operational risks. Where risks are identified these are appropriately referred to the Board of Directors or Local Governing Body as appropriate. 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:

- School Finance officer identified for each academy
- Financial support and monitoring provided by the Trust to each academy, through an external provider, that supports the day-to-day financial management and provides a direct reporting channel to a named Director, Dean Ashton, if concerns or risks are identified
- Routine financial monitoring reports provided to the Board directly or through the Finance and General Purposes Committee
- A financial procedures and financial scheme of delegation for the Trust that applies consistently to all academies. The financial procedures set out clear guidelines for purchasing
- The commissioning of 'Moderated Trust Inspections' using independent HMI to assess the educational performance of individual academies
- A performance management framework that provides a comprehensive assessment of the academies performance each term, known as SOAP (School On a Page)
- A financial management system (FMS) within each academy that is 'virtual' in that it allows individual academy accounts to be monitored remotely by the Trust and its external financial support provider
- The FMS has a 'cloud based' back up system that automatically stores the previous four days of incremental backups and a full weekly backup on a Friday, which are stored for five weeks
- A financial planning tool within each academy that is 'virtual' in that allows individual academy accounts to be monitored remotely by the Trust and its external financial support provider

The board of directors has not appointed an internal auditor. However the directors have appointed an external provider, Strictly Education Ltd, to perform the role of Responsible Officer (RO). RO reports are published for the consideration of the whole Board.

The Responsible Officer reports will be received in the Autumn Term 2013.

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Executive Principal 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 Responsible Officer,
- The work of the external auditor
- 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

**REACH2ESSEX ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

The accounting officer has taken account of the information available from the relevant sources and action is in hand to address concerns and ensure continuous improvement of the system is in place. The most significant priority is the review of expectations of primary academy finance officer competence matched to the FMS in place.

Approved by the Board of Directors on 13 ~~December~~ <sup>January</sup> 2013 and signed on their behalf, by

  
**Steve Lancashire**  
Chair

  
**Cathie Paine**  
Executive Principal


**REACH2ESSEX ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of REAch2Essex Academy Trust I have considered my responsibility to notify the academy Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

I confirm that I and the academy Board of Directors are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2012)

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date



**Cathie Paine, Executive Principal**  
**Accounting Officer**

Date 13 December 2013

**REACH2ESSEX ACADEMY TRUST**  
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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

The Trustees (who act as governors of REAch2Essex Academy Trust and 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 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 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

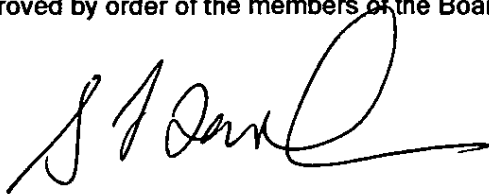
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 the 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 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 Directors on 13 December 2013 and signed on its behalf by



**Steve Lancashire**  
**Chair**

**REACH2ESSEX ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACH2ESSEX ACADEMY TRUST**

We have audited the financial statements of REAch2Essex Academy Trust for the period ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the 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 2013 issued by the Education Funding Agency.

This report is made solely to the academy'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'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 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 academy 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 academy'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 academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

In our opinion the information given in the Trustees' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**REACH2ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACH2ESSEX ACADEMY TRUST**

**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:

- 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

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditors

Mountcliff House  
154 Brent Street  
London  
NW4 2DR  
13 December 2013



**REACH2ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO REACH2ESSEX  
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by REAch2Essex Academy Trust during the period 19 March 2013 to 31 August 2013 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 REAch2Essex Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to REAch2Essex Academy Trust and the EFA 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 REAch2Essex Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF REACH2ESSEX ACADEMY TRUST'S ACCOUNTING OFFICER AND  
THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of REAch2Essex Academy Trust's funding agreement with the Secretary of State for Education dated 1 April 2013, and the Academies Financial Handbook extant from 1 September 2012, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 19 March 2013 to 31 August 2013 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 2013 issued by the EFA. 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's income and expenditure.

**REACH2ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO REACH2ESSEX  
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 19 March 2013 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditors

Mountcliff House  
154 Brent Street  
London  
NW4 2DR

13 December 2013

**REACH2ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of recognised gains and losses)  
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income	2	575	205,070	5,109,919	5,315,564
Investment income	3	174	-	-	174
Incoming resources from charitable activities	4	-	1,557,254	6,541	1,563,795
<b>TOTAL INCOMING RESOURCES</b>		<b>749</b>	<b>1,762,324</b>	<b>5,116,460</b>	<b>6,879,533</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities		-	1,271,035	73,232	1,344,267
Governance costs	5	-	96,746	-	96,746
<b>TOTAL RESOURCES EXPENDED</b>	8	<b>-</b>	<b>1,367,781</b>	<b>73,232</b>	<b>1,441,013</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>749</b>	<b>394,543</b>	<b>5,043,228</b>	<b>5,438,520</b>
Transfers between Funds	20	-	(719,502)	719,502	-
<b>NET INCOME FOR THE YEAR</b>		<b>749</b>	<b>(324,959)</b>	<b>5,762,730</b>	<b>5,438,520</b>
Actual gains and losses on defined benefit pension schemes		-	(46,000)	-	(46,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>749</b>	<b>(370,959)</b>	<b>5,762,730</b>	<b>5,392,520</b>
<i>Total funds at 19 March 2013</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>749</b>	<b>(370,959)</b>	<b>5,762,730</b>	<b>5,392,520</b>

All of the academy's activities derive from acquisitions in the current financial period

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

The notes on pages 20 to 38 form part of these financial statements

**REACH2ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08452281**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

	Note	£	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	16		5,762,730
<b>CURRENT ASSETS</b>			
Stocks	17	3,107	
Debtors	18	226,977	
Cash at bank and in hand		286,791	
		<u>516,875</u>	
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(141,085)</u>	
<b>NET CURRENT ASSETS</b>			<u>375,790</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,138,520</u>
Defined benefit pension scheme liability	26		(746,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>5,392,520</u></u>
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds			
Restricted funds	20	375,041	
Restricted fixed asset funds	20	5,762,730	
		<u>6,137,771</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(746,000)</u>	
Total restricted funds			5,391,771
Unrestricted funds	20		749
<b>TOTAL FUNDS</b>			<u><u>5,392,520</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 13 December 2013 and are signed on their behalf, by

  
**Steve Lancashire**  
**Chair**

  
**Cathie Paine**  
**Executive Principal**

The notes on pages 20 to 38 form part of these financial statements

**REACH2ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

	Note	2013 £
Net cash flow from operating activities	22	88,029
Returns on investments and servicing of finance	23	164
Capital expenditure and financial investment	23	(6,471)
Cash transferred on conversion to an academy trust	25	205,069
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>286,791</b>

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

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

	2013 £
Increase in cash in the period	286,791
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<b>286,791</b>
<b>NET FUNDS AT 31 AUGUST 2013</b>	<b>286,791</b>

The notes on pages 20 to 38 form part of these financial statements

**REACH2ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

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 Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

**REACH2ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.3 Incoming resources**

All incoming resources are included in the Statement of financial activities when the academy 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 academy 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 academy 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 academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy 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 academy's policies.

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

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**

All 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 academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

**REACH2ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.5 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 to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

**1.6 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 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 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 academy's depreciation policy.

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

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:

Long-term leasehold property	-	125 years
Fixtures and fittings	-	4 years
Computer equipment	-	3 years
Other fixed assets	-	4 years

**1.7 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.

**1.8 Taxation**

The academy 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 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.



**REACH2ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.9 Pensions**

Retirement benefits to employees of the academy 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 academy

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 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 26, the TPS is a multi-employer scheme and the academy 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 academy 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

**1.10 Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method

The assets and liabilities transferred on conversion from Purfleet Primary School and Langtons Junior School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item Their fair value is in accordance with the accounting policies set out for REAch2Essex Academy Trust The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds

The property on which Langtons Junior Academy carries on operations is held on a 125 year lease from London Borough of Havering This has been valued by DVS Property Specialists at 1 April 2013 and is carried in the accounts at that valuation less depreciation over the remaining life of the lease

The property on which Purfleet Primary Academy carries on operations is held on a 125 year lease from Thurrock Borough Council This has been valued by Thurrock Borough Council at 1 April 2012 and is carried in the accounts at that valuation less depreciation over the remaining life of the lease

**REACH2ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**2. VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Donations	575	-	575
Assets gifted by predecessor schools	-	5,314,989	5,314,989
	<u>575</u>	<u>5,314,989</u>	<u>5,315,564</u>
Voluntary income	<u>575</u>	<u>5,314,989</u>	<u>5,315,564</u>

**3. INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Investment income	174	-	174
	<u>174</u>	<u>-</u>	<u>174</u>

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Educational activities	-	1,563,795	1,563,795
	<u>-</u>	<u>1,563,795</u>	<u>1,563,795</u>

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
<b>DfE/EFA grants</b>			
GAG	-	1,216,550	1,216,550
Other EFA grants	-	233,277	233,277
LA and other government grants	-	62,471	62,471
Generated income	-	51,497	51,497
	<u>-</u>	<u>1,563,795</u>	<u>1,563,795</u>

**REACH2ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**5. GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Internal audit costs	-	10,737	10,737
Auditors' remuneration	-	10,400	10,400
Start up and conversion costs	-	75,609	75,609
	<u>-</u>	<u>96,746</u>	<u>96,746</u>

**6. DIRECT COSTS**

	Educational activities £	Total 2013 £
Pension income	13,000	13,000
Educational non-ICT supplies	30,212	30,212
Educational ICT supplies	912	912
Educational consultancy	24,515	24,515
Staff recruitment	17,955	17,955
Other direct costs	19,627	19,627
Water and sewerage	3,829	3,829
Maintenance of buildings	23,885	23,885
Grounds maintenance	2,899	2,899
Energy costs	19,238	19,238
Other occupation costs	7,259	7,259
Insurance	29,905	29,905
Agency supply teaching staff	100,411	100,411
Technology costs	2,368	2,368
Trust strategy costs	41,720	41,720
Licences and subscriptions	6,692	6,692
Wages and salaries	672,388	672,388
National insurance	38,669	38,669
Pension cost	89,868	89,868
	<u>1,145,352</u>	<u>1,145,352</u>

**REACH2ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**7. SUPPORT COSTS**

	Educational activities £	Total 2013 £
Staff development and training	1,551	1,551
Cleaning	11,445	11,445
Rent and rates	1,144	1,144
Catering	13,996	13,996
Other support costs	19,990	19,990
Other bought in professional services	13,904	13,904
Wages and salaries	82,494	82,494
National insurance	4,319	4,319
Pension cost	7,411	7,411
Depreciation	42,661	42,661
	<u>198,915</u>	<u>198,915</u>

**8. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £
Educational activities	800,925	-	344,427	1,145,352
Support costs - Educational activities	94,224	42,661	62,030	198,915
	<u>895,149</u>	<u>42,661</u>	<u>406,457</u>	<u>1,344,267</u>
Charitable activities	-	-	96,746	96,746
	<u>895,149</u>	<u>42,661</u>	<u>503,203</u>	<u>1,441,013</u>

**9. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £
Educational activities	<u>1,145,352</u>	<u>198,915</u>	<u>1,344,267</u>

**REACH2ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**10. NET INCOMING RESOURCES**

This is stated after charging

	2013 £
Depreciation of tangible fixed assets - owned by the charity	42,661
Auditors' remuneration	10,400
Governance Internal audit costs	10,737
	<u>63,800</u>

**11. STAFF COSTS**

Staff costs were as follows

	2013 £
Wages and salaries	754,881
Social security costs	42,988
Other pension costs (Note 26)	97,280
	<u>895,149</u>
Supply teacher costs	100,411
	<u>995,560</u>

The average number of persons (including the senior management team) employed by the academy during the period expressed as full time equivalents was as follows

	2013 No.
Teaching staff	40
Support staff	27
Management	2
	<u>69</u>

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

	2013 No.
In the band £60,001 - £70,000	1

**REACH2ESSEX ACADEMY TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**12. CENTRAL SERVICES**

The academy has provided the following central services to its academies during the year

- Human Resources (HR) support services
- HR insurance for litigation claims
- Full payroll service
- Financial systems annual licence
- Financial planning system licence
- Financial support
- Insurance procurement

The academy charges for these services on the following basis

4% of Budget Share and Local Authority Central Support Equivalent Grant (LACSEG) income

The actual amounts charged during the year were as follows

	2013 £
Purfleet Primary Academy	20,860
Langtons Junior Academy	20,860
	<hr/>
Total	41,720 <hr/>

**13. TRUSTEES' REMUNERATION AND EXPENSES**

During the period retirement benefits were accruing to 1 Trustee in respect of defined contribution pension schemes

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands

	2013 £'000
Elaine Brooke, Principal Director	65-70

During the period, no Trustees received any reimbursement of expenses

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

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2013 was £998

The cost of this insurance is included in the total insurance cost

**REACH2ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**15. OTHER FINANCE INCOME**

	2013 £
Expected return on pension scheme assets	5,000
Interest on pension scheme liabilities	(18,000)
	<u>(13,000)</u>

**16. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Catering Equipment £
<b>Cost</b>				
At 19 March 2013	-	-	-	-
Additions	5,766,018	10,070	20,838	8,465
At 31 August 2013	<u>5,766,018</u>	<u>10,070</u>	<u>20,838</u>	<u>8,465</u>
<b>Depreciation</b>				
At 19 March 2013	-	-	-	-
Charge for the period	38,455	1,311	2,895	-
At 31 August 2013	<u>38,455</u>	<u>1,311</u>	<u>2,895</u>	<u>-</u>
<b>Net book value</b>				
At 31 August 2013	<u>5,727,563</u>	<u>8,759</u>	<u>17,943</u>	<u>8,465</u>

	Total £
<b>Cost</b>	
At 19 March 2013	-
Additions	5,805,391
At 31 August 2013	<u>5,805,391</u>
<b>Depreciation</b>	
At 19 March 2013	-
Charge for the period	42,661
At 31 August 2013	<u>42,661</u>
<b>Net book value</b>	
At 31 August 2013	<u>5,762,730</u>

**REACH2ESSEX ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**17. STOCKS**

	2013 £
Finished goods and goods for resale	3,107
	<u>3,107</u>

**18. DEBTORS**

	2013 £
Amounts owed by group undertakings	54,013
Other debtors	61,282
Prepayments and accrued income	111,682
	<u>226,977</u>

**19. CREDITORS:  
Amounts falling due within one year**

	2013 £
Trade creditors	24,300
Other taxation and social security	34,951
Accruals and deferred income	81,834
	<u>141,085</u>

**20. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds - all funds	-	749	-	-	-	749
	<u>-</u>	<u>749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>749</u>
<b>Restricted funds</b>						
Restricted Funds - all funds	-	1,485,324	(390,781)	(719,502)	-	375,041
Pension reserve	-	277,000	(977,000)	-	(46,000)	(746,000)
	<u>-</u>	<u>1,762,324</u>	<u>(1,367,781)</u>	<u>(719,502)</u>	<u>(46,000)</u>	<u>(370,959)</u>



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

**Restricted fixed asset funds**

Restricted Fixed Asset Funds - all funds	-	5,116,460	(73,232)	719,502	-	5,762,730
Total restricted funds	-	6,878,784	(1,441,013)	-	(46,000)	5,391,771
Total of funds	-	6,879,533	(1,441,013)	-	(46,000)	5,392,520

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

All funds originated from assets gifted by the predecessor school. In addition

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy

The restricted funds can only be used in terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2013 were allocated as follows

Langtons Junior Academy	85,980
Purfleet Primary Academy	154,862
Total before fixed asset fund and pension reserve	240,842
Restricted fixed asset fund	5,762,730
Pension reserve	(746,000)
Total	5,257,572

**ANALYSIS OF ACADEMIES BY COST**

Expenditure incurred by each academy during the year was as follows

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Purfleet Primary Academy	418,357	56,517	35,045	268,939	778,858
Langtons Junior Academy	351,674	33,348	5,938	231,070	622,030
	770,031	89,865	40,983	500,009	1,400,888

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**NOTES TO THE FINANCIAL STATEMENTS  
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**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	749	-	-	-	749
Restricted funds	-	1,762,324	(1,367,781)	(719,502)	(46,000)	(370,959)
Restricted fixed asset funds	-	5,116,460	(73,232)	719,502	-	5,762,730
	<u>-</u>	<u>6,879,533</u>	<u>(1,441,013)</u>	<u>-</u>	<u>(46,000)</u>	<u>5,392,520</u>

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

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Tangible fixed assets	-	-	5,762,730	5,762,730
Current assets	749	516,126	-	516,875
Creditors due within one year	-	(141,085)	-	(141,085)
Provisions for liabilities and charges	-	(746,000)	-	(746,000)
	<u>749</u>	<u>(370,959)</u>	<u>5,762,730</u>	<u>5,392,520</u>

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

	2013 £
Net incoming resources before revaluations	5,438,520
Returns on investments and servicing of finance	(164)
Assets gifted from predecessor schools	(5,314,989)
Depreciation of tangible fixed assets	42,661
Increase in stocks	(3,107)
Increase in debtors	(226,977)
Increase in creditors	141,085
FRS 17 adjustments	11,000
<b>Net cash inflow from operations</b>	<u><u>88,029</u></u>

**23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2013 £
<b>Returns on investments and servicing of finance</b>	
Interest received	<u><u>164</u></u>

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**23 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2013 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(6,471)

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

	19 March 2013 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	-	286,791	-	286,791
<b>Net funds</b>	-	286,791	-	286,791

**25. CONVERSION TO AN ACADEMY TRUST**

On 1 April 2013 Purfleet Primary School and Langtons Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to REAch2Essex Academy Trust from Essex County Council for £NIL consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of financial activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
<b>Tangible fixed assets</b>				
- Freehold/leasehold land and buildings	-	-	5,766,018	5,766,018
- Other tangible fixed assets	-	-	32,902	32,902
<b>Other assets</b>	-	205,069	-	205,069
<b>LGPS pension surplus/(deficit)</b>	-	(689,000)	-	(689,000)
<b>Net assets/(liabilities)</b>	-	(483,931)	5,798,920	5,314,989

The above net [assets/liabilities] include £202,608 that were transferred as cash

**26. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are defined benefit schemes.

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

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 2004 and of the LGPS 31 August 2013

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

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40 80 100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £51,000, of which employer's contributions totalled £40,000 and employees' contributions totalled £11,000. The agreed contribution rates for future years are 12% for employers and between 5 to 7% 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 25 the LGPS obligation relates to the employees of the academy, 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 period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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

The amounts recognised in the Balance sheet are as follows

	2013 £
Present value of funded obligations	(1,023,000)
Fair value of scheme assets	277,000
	<hr/>
Net liability	(746,000)
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The amounts recognised in the Statement of financial activities are as follows

	2013 £
Current service cost	(38,000)
Interest on obligation	(18,000)
Expected return on scheme assets	5,000
	<hr/>
Total	(51,000)
	<hr/>

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

	2013 £
Opening defined benefit obligation	908,000
Current service cost	38,000
Interest cost	18,000
Contributions by scheme participants	11,000
Actuarial Losses	48,000
	<hr/>
Closing defined benefit obligation	1,023,000
	<hr/>

Movements in the fair value of the academy's share of scheme assets

	2013 £
Opening fair value of scheme assets	219,000
Expected return on assets	5,000
Actuarial gains and (losses)	2,000
Contributions by employer	40,000
Contributions by employees	11,000
	<hr/>
	277,000
	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £46,000

The academy expects to contribute £108,000 to its Defined benefit pension scheme in 2014

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

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

	<b>2013</b>
Equities	<b>6.60 %</b>
Gifts	<b>3.50 %</b>
Bonds	<b>4.20 %</b>
Cash	<b>2.10 %</b>
Property	<b>5.20 %</b>
	<b>- %</b>

**London Borough of Havering Pension Fund**

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

	<b>2013</b>
Discount rate for scheme liabilities	<b>4.60 %</b>
Expected return on scheme assets at 31 August	<b>6.00 %</b>
Rate of increase in salaries	<b>4.00 %</b>
Rate of increase for pensions in payment / inflation	<b>2.80 %</b>

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

	<b>2013</b>
Retiring today	
Males	<b>21.9</b>
Females	<b>24.6</b>
Retiring in 20 years	
Males	<b>23.8</b>
Females	<b>26.5</b>

**Purfleet Essex Pension Fund**

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

	<b>2013</b>
Discount rate for scheme liabilities	<b>4.70 %</b>
Expected return on scheme assets at 31 August	<b>3.70 %</b>
Rate of increase in salaries	<b>4.70 %</b>
Rate of increase for pensions in payment / inflation	<b>2.90 %</b>

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

	<b>2013</b>
Retiring today	
Males	<b>22.7</b>
Females	<b>25.3</b>
Retiring in 20 years	
Males	<b>24.2</b>
Females	<b>26.9</b>

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

Amounts for the current period are as follows

Defined benefit pension schemes

	2013 £
Defined benefit obligation	(1,023,000)
Scheme assets	277,000
Deficit	<u>(746,000)</u>
Experience adjustments on scheme liabilities	(48,000)
Experience adjustments on scheme assets	<u>2,000</u>

**27. RELATED PARTY TRANSACTIONS**

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

The following related party transactions took place in the period of account:

Ashton MEC Limited - a company in which Dean Ashton, a trustee, has a majority interest. Transactions totalling £20,174, relating to consultancy fees, took place in the period. There were no amounts outstanding at 31 August 2013.

ARC Consulting Limited - a company in which Mark Elms, a trustee, has a majority interest. Transactions totalling £5,736, relating to consultancy fees, took place in the period. There were no amounts outstanding at 31 August 2013.

**28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

REACH2 Ltd is the ultimate parent undertaking and controlling party. As at 31 August 2013, an amount of £54,013 was due by REACH2 Ltd to REACH2 Essex Academy Trust.