

Company Registration No. 09791051 (England and Wales)

REACH4 ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

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COMPANIES HOUSE

REACH4 ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Roger Michael Pryce
Ross Hall
Bob Carlton

Trustees

Prof Simon Gregory (Appointed 10 June 2016)
Naleena Gururani (Appointed 26 October 2016)
Valerie Dunsford (Appointed 20 November 2015)
Ross Hall (Appointed 23 September 2015)
Sir Steve Lancashire (Appointed 23 September 2015)
Peter Little (Chair of Trustees) (Appointed 23 September 2015)
James Muir (Appointed 22 June 2016)
Elisabeth Nicholas (Accounting Officer) (Appointed 1 July 2016)
Matthew Robb (Appointed 20 November 2015)
Jonathan Simons (Appointed 23 September 2015)
Prof John West-Burnham (Appointed 23 September 2015)

Senior management team

- CEO and Accounting Officer
- Interim CEO until 30 June 2016
- Executive Director of Operations
- Finance Director
- Director of Education (Secondary)
- Director of Education (Primary)
- Director of Inclusion
- Deputy Director of Education

Elisabeth Nicholas
Sir Steve Lancashire
Adam Goldstein
Katherine Alexander
Dean Anderson
Benedick Ashmore-Short
Nicola Crossley
Andrew Redfern

Company registration number

09791051 (England and Wales)

Registered office

Scientia Academy
Mona Road
Burton-On-Trent
Staffordshire
DE13 0UF
United Kingdom

Academies operated

Hatfield Primary Academy
Hartley Brook Primary Academy
Gooseacre Primary Academy
The Hill Primary Academy
Highgate Primary Academy
Carrfield Primary Academy
Castle Academy
Greengate Lane Academy
Lower Meadow Primary Academy
Edenthorpe Hall Academy
Hillside Academy
Byron Wood Primary Academy

Location

Sheffield
Sheffield
Rotherham
Rotherham
Rotherham
Rotherham
Doncaster
Sheffield
Sheffield
Doncaster
Doncaster
Sheffield

Principal

Ms C Blencowe
Mr Jim Garbutt
Mrs K Godfrey
Mr Sean Woolley
Ms Jo Leishman
Ms Jo Leishman
Ms Zoe Robinson
Mrs W Wheldon
Ms Angela Clarke
Mrs W Wheldon
Miss M Walton
Mrs S Ashton

REACH4 ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

RSM UK Audit LLP
St Philips Point
Temple Row
Birmingham
West Midlands
B2 5AF

REACH4 ACADEMY TRUST

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period to 31 August 2016. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The Trust was incorporated on 23 September 2015 and commenced trading activity from 1 May 2016.

The Trust operates 12 primary academies in the South Yorkshire area for pupils aged 2 to 11. Its academies have a combined pupil capacity of 4,010 and had a roll of 3,496 in the school census on 31 October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Reach4 Academy Trust are also the directors of the charitable company for the purpose of company law. The Charitable Company is known as Reach4 Academy Trust.

Details of the trustees who served during the year are included in the reference and administrative details on page 1.

The principle activities of the charitable company are to establish and maintain a number of academies in accordance with the requirements of its Master Funding Agreement in place with the Education Funding Agency, in Primary, Secondary and all through education.

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 amounts as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

Subject to the provisions of the Companies Act, every trustee or other officer of the academy shall be indemnified out of the assets of the academy 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 academy.

Method of recruitment and appointment or election of trustees

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the articles of association and funding agreement. The recruitment and succession planning of Trustees must reflect Reach4 Academy Trust's ambitions for scale and reach over the next five years. The skills profile of the Board must reflect the governance needs of the Trust.

The following skills categories set out the broad range of skills, knowledge or prior experiences that is expected to be held across the Board:

1. Leadership and Policy
2. Education Performance and Curriculum
3. Finance
4. Risk and Audit
5. Constitutional Governance
6. Strategic Partnerships, External Relationships and Public Relationships
7. Engagements with internal stakeholders
8. Human Resources
9. Estates and Property
10. Health, Safety and Safeguarding

REACH4 ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

The Reach4 Board requires its Trustees to have a broad range of skills and previous experiences in order to be effective in governance. The Board carries out a skills audit of Trustees annually to inform the recruitment process, using the categories above to inform decision-making. The steps towards recruiting and appointing a new trustee are set out below:

1. Create and distribute Trustee role specification

A 'Roles and Responsibilities' document outlining the expectations of a Reach4 Trustee is circulated to all potential candidates.

2. Nominations

Nominations may be received from people outside Reach4 but a member of the Board or trusted staff member will take over as nominator in this case so that each candidate is 'owned' by someone within the organisation.

The nominator should be prepared to champion the candidate through the selection process, advocate for the candidate's fit with Reach4, coach the candidate, act as primary point of contact between Reach4 and the candidate, and support contract signing and on-boarding.

3. Executive Board interview

Following an initial introductory discussion and informal CV review, one on one discussions with an Executive Board member are intended to screen candidates who meet the appointment criteria. A decision will then be taken whether to progress the candidate to a final Chair/Board member discussion, following review of the candidate's suitability against the selection criteria and any skills gaps of the current Board.

4. Chair/Board member final interview

Prior to a formal decision on appointment to the Board all candidates will need a final interview with the Chair of the Board or designated Board member. This is to assess overall suitability to work well as part of the existing team of Trustees.

5. Decision and appointment to Reach4 Board

Final ratification of a potential appointment is provided by the overall Board at the subsequent Board meeting. Once this has been approved successful candidates can commence the Reach4 Trustee induction process.

Policies and procedures adopted for the induction and training of trustees

During the period under review, the trustees were in attendance at four trust board meetings. The training and induction provided for new trustees will depend on their existing experience. An induction meeting is undertaken to provide training on charity and educational, legal and financial matters. This series of meetings also sets out the strategy and objectives of the Trust along with the values and vision. All new trustees are given a tour of at least one of the academies in the group, and a chance to meet with staff and students. All trustees are provided with copies of the Trust policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the Trust. On-going governance reviews and training programs are encouraged for all trustees to ensure they continue to make an effective contribution and are keeping up to date with changes in legislation.

REACH4 ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Organisational structure

The Trust has established a management structure to enable efficient and effective running of the organisation. The structure consists of four levels: the board of Trustees, the Executive team who are the senior leadership team of the trust, the Regional boards and the local governing boards of academies.

Trustees are responsible for setting policy, adopting an annual plan and budget approval, monitoring the impact of the trust on educational outcomes (including EYFS, KS1 and KS2 outcomes, and Ofsted outcomes), making major decisions about the direction of the Trust, oversight of capital expenditure and approval of senior staff appointments.

The Principal of each academy is directly responsible for its day-to-day running and is assisted by their senior leadership team. Local governors are responsible for implementing general policy; budget monitoring and overseeing major decisions about the direction of the academy.

The Local Governing Body is responsible for the implementation of the Trust approved scheme of delegation, which sets out the system of internal controls, responsibilities, and terms of reference. The Local Governing Body should ensure that the policy is implemented at the point of conversion with on-going reviews taking place.

The Chief Executive of the Trust assumes the role of the Accounting Officer.

The Executive Team include:

Elisabeth Nicholas – CEO and Accounting Officer
Sir Steve Lancashire – Interim CEO until 30 June 2016
Adam Goldstein – Executive Director of Operations
Katherine Alexander – Finance Director
Dean Anderson – Director of Education Secondary
Benedick Ashmore-Short – Director of Education Primary
Nicola Crossley – Director of Inclusion
Andrew Redfern – Deputy Director of Education

Arrangements for setting pay and remuneration of key management personnel

When considering and setting salary levels across the trust a clear set of principles were identified to ensure transparency. In order to ensure fairness and equity throughout the organisation it was proposed that job roles should be banded relative to that of the salary of a newly qualified teacher. The highest paid role, considering the infancy of the trust, will not exceed seven times that of a newly qualified teacher.

A benchmarking exercise was also undertaken across other Multi-Academy Trusts in particular covering the more senior roles.

Related parties and co-operation with other organisations

Reach4 Academy Trust has a strong working relationship with its sister trust, REAch2 Academy Trust. This relationship is defined through a Memorandum of Understanding that both Trusts have approved.

While the Trusts are separate and independent legal entities they share a common brand and set of values with a declared intent to work in collaboration to the mutual benefit of both MATs. It is this approach to MAT operations and governance that define the REACH brand. The Memorandum of Understanding sets out how the Trusts would positively cooperate and how that cooperation would be governed.

The strength of the partnership across both Trusts will enable a Reach education. Whilst REAch2 was incorporated as a primary only Trust, Reach4 is a sponsor of primary, secondary and all through education enabling a Reach education across the UK.

REACH4 ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

The principal object and activity of the charitable company is to advance education in the UK for the public benefit, in particular by maintaining and developing the operation of academies to provide a broad and balanced education for pupils of all abilities, initially in the South Yorkshire region.

In setting out the trust objectives consideration has been given to the Charities Commission guidance in respect of public benefit when reviewing the aims and objectives of academies (see 'Public Benefit' section below).

In accordance with the articles of association the Trust 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 Scheme of Government 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 to the Academies, that the curriculum should be broad and balanced; that there will be an emphasis on the needs of the individual pupils including pupils with special educational needs (SEN).

Objectives, Strategies and Activities

The Trust has considered and implemented a strategy to identify objectives for the next year. These objectives are:

- To strengthen governance across all aspects of the organisation by developing more effective relationships.
- To positively impact on the outcomes of pupils whilst managing strong communications and being nationally recognised as experts in governance.
- To manage the growth plans of the organisation without compromising outcomes of the academies so that this positively impacts on the quality of teaching and learning in the schools.
- To continually challenge, and expecting consistently high standards of, teaching and learning for all pupils in all schools.
- To develop a clear leadership strategy at every level across the organisation.
- Achieving best value in service delivery especially where partnership working can add value.

The Trust's Value Partners have been developed as a measure of progress for staff, pupils and Trustees and to inform the Trust's overall operations:

- **Responsibility and Leadership** - Individuals in the Reach4 community are accountable for their own decisions and actions and are supported by strong leaders, while trailblazers are encouraged to develop skills and talents in others. The Trust has a strong commitment to developing and nurturing its own leaders.
- **Enjoyment and Innovation** - We know that everyone learns best when they enjoy what they do and are in a position to follow their innate desire to achieve. Reach4 pushes boundaries so that pioneering ideas are tried and tested and our academies remain leaders in the advancement of teaching and learning methods.
- **Aspiration and Development** - Every member of the Reach4 community, from the youngest pupil to the oldest member of staff, is encouraged to cultivate opportunities to grow. We achieve excellence by being inspired to become the best we can be. The progress and well-being of pupils is our top priority, at the centre of every decision.
- **Collaboration and Inclusion** - Reach4 honours and applauds the differences that make us unique whilst actively seeking and celebrating the common ground that binds us together as a strong community. We work together in a productive environment where dynamic ideas are shared in partnership, so that every member of the community may thrive.
- **Honesty and Integrity** - We are honest and open. Reach4 decisions and responses are grounded in time-honoured moral principles that remain constant in the face of challenges and change.

REACH4 ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

To achieve its key objectives the Trust will undertake the following key activities

- Review and on-going development of new and existing policies and procedures to strengthen the accountability of the academy.
- Ensure a rich and varied educational experience for all pupils by developing best practice, fostering the development of a knowledge-rich curriculum and providing opportunities for enrichment across the Trust such as competitive sport, cultural literacy and community experience. The Trust will also ensure that best practice is secured through the development of communities of practice and strong leadership development programmes.
- Securing value for money and consistent quality of support services through a combination of 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: group leadership, training, business and administration. The academy trust retain a percentage of each academy's monthly EFA income in order to provide these services. The percentage retention for the period to 31st August 2016 was 6.5%.

Public benefit

In setting the objectives, Trustees 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. The main public benefit delivered by the trust is the provision of high quality education to its students, which will be evidenced from feedback from external assessments. The Academy Trust have complied with their duty to have due regard to the guidance on public benefit published by the Charities Commission.

REACH4 ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

STRATEGIC REPORT

Achievements and performance

Academy	Date Joined	Sponsor Type	Expected Standard %				Progress		
			Reading %	Writing %	Maths %	Combined %	Reading	Writing	Maths
Carrfield Primary Academy	01/05/16	Academy Transfer	42	69	37	16	-4.4	-0.8	-4.5
Gooseacre Primary Academy	01/05/16	Academy Transfer	79	82	86	79	6.4	3.5	7.6
Highgate Primary Academy	01/05/16	Academy Transfer	63	90	88	53	-0.4	4.6	2.9
The Hill Primary Academy	01/05/16	Academy Transfer	49	35	45	29	-2.6	-3.6	-2.5
Hatfield Academy	01/05/16	Academy Transfer	47	81	57	34	2.3	4.0	1.7
Hartley Brook Academy	01/05/16	Academy Transfer	33	41	35	19	-2.4	-3.3	-1.3
Castle Academy	01/06/16	Academy Transfer	48	79	55	28	-4.9	-1.9	-4.8
Lower Meadow Primary School	01/07/16	Fast Track Sponsor	24	64	26	17	-5.3	2.2	-5.2
Edenthorpe Hall Primary	01/08/16	Fast Track Sponsor	44	61	61	41	-4.4	-3.5	-2.1
Hillside Academy	01/08/16	Fast Track Sponsor	13	40	67	13	-5.5	-5.0	-0.2
Byron Wood Primary School	01/08/16	Converter	52	74	79	50	1.0	3.4	4.4
Greengate Lane Academy	01/08/16	Academy Transfer	90	84	90	84	2.7	2.4	4.0

Key Performance Indicators

Carrfield Academy joined the trust as an academy transfer in May 2016. Its previous inspection in February 2013 judged overall effectiveness to be Good. Outcomes in July 2016 showed KS1 attainment of at least the expected standard in all subjects for all pupils and EYFS development to be above national figures. Outcomes for KS2 were significantly below average. The quality of teaching is Requires Improvement with strength beginning to show in some phases, attendance currently stands at 94.9% and the number of fixed term exclusions remain at a constant zero.

Gooseacre Academy joined the trust as an academy transfer in May 2016. Its previous inspection in June 2014 judged overall effectiveness to be Good. Outcomes in July 2016 showed KS2 progress in all subjects to be significantly above average. KS1 reading was well below the national figure. The quality of teaching is Outstanding, attendance currently stands at approximately 95% and the number of fixed term exclusions have consistently been above the national average.

Highgate Academy joined the trust as an academy transfer in May 2016. Its previous inspection in February 2013 judged overall effectiveness to be Good. Outcomes in July 2016 showed KS2 progress to be in line with national average overall and no significant weakness was identified. The quality of teaching is Outstanding / Good. Attendance is improving year on year and is currently above 95%. The number of fixed term exclusions remains at a constant zero.

REACH4 ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

The Hill Academy joined the trust as an academy transfer in May 2016. Its most recent inspection in October 2016 judged overall effectiveness to be Inadequate. Outcomes in July 2016 showed KS2 progress in all subjects to be significantly below average. KS1 outcomes were well below the national figure for all subjects. The quality of teaching is Inadequate. Pupil attendance is improving year on year and is currently above 95% and the number of fixed term exclusions remain at a constant zero.

Hatfield Academy joined the trust as an academy transfer in May 2016. Its previous inspection in June 2015 judged overall effectiveness as Inadequate. Outcomes in July 2016 showed KS2 progress to be significantly below average. KS1 attainment was above national average. The quality of teaching is Requires Improvement. Pupil attendance remains steady and above 95% and the number of fixed term exclusions remains above national average.

Hartley Brook Academy joined the trust as an academy transfer in May 2016. The previous inspection in March 2014 judged overall effectiveness as Good. Outcomes in July 2016 showed KS2 progress and KS1 outcomes to be significantly below average. The quality of teaching is Requires Improvement. Pupil attendance remains a concern and is below national average in the bottom 10% and currently stands at 94%. The number of fixed term exclusions is above the national average.

Castle Academy joined the trust as a stand- alone academy transfer in June 2016. Its previous inspection in May 2016 judged overall effectiveness as Inadequate with strengths in Early Years. Outcomes in July 2016 showed KS2 progress to be significantly below average with reading progress in the bottom 10% nationally. The quality of teaching Requires Significant Improvement. Pupil attendance remains steady and above 95% and the number of fixed term exclusions remains at a constant zero.

Lower Meadow Primary Academy opened as a sponsored academy in July 2016. Its previous inspection in October 2015 judged overall effectiveness to be Requires Improvement. Outcomes in July 2016 showed KS2 progress in reading and mathematics to be significantly below average and in the lowest 10%. KS1 outcomes were below national average for reading and mathematics. The proportion of pupils that met the expected standard in phonics was above the national average. The quality of teaching is Requires Improvement. Pupil attendance remains a concern and is below national average and in the bottom 10%. The number of fixed term exclusions was above national average but year to date stands at zero.

Edenthorpe Hall Academy opened as a sponsored academy in August 2016. Its previous inspection in June 2015 judged overall effectiveness to be Requires Improvement. Outcomes in July 2016 showed KS2 progress in all subjects to be significantly below average. KS1 outcomes were below the national figure. The quality of teaching is Requires Improvement. Attendance has seen an improvement but was below the national average and currently stands at 94.9%. The number of fixed term exclusions remains at a constant zero.

Hillside Academy opened as sponsored academy in August 2016. Its previous inspection judged overall effectiveness to be Requires Improvement. Outcomes in July 2016 showed KS2 progress in reading and writing to be significantly below average and in the lowest 10% overall. The proportion of pupils that met the expected standard in phonics was above the national figure. The quality of teaching is Inadequate. Attendance has seen an improvement but was below national average and the number of fixed term exclusions remains above national average.

Byron Wood Academy opened as converter academy in August 2016. Its previous inspection in July 2015 judged overall effectiveness as Requires Improvement. Outcomes in July 2016 showed KS2 progress to be above national average overall in all subjects. Progress in mathematics was in the top 10% nationally. The quality of teaching is Requires Improvement / Good. Attendance has seen an improvement but was below the national average and currently stands at 94.2%. The number of fixed term exclusions remains at a constant zero.

Greengate Lane Academy joined the trust as an academy transfer in August 2016. Its previous inspection in September 2014 judged overall effectiveness as Good. Outcomes in July 2016 showed KS2 progress in all subjects to be significantly above average overall and not significantly below average for any prior attainment group. KS1 attainment was close to or above national figures. The quality of teaching is Outstanding. Attendance remains steady and above 95% and the number of fixed term exclusions remains above national average.

REACH4 ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Financial review

During the period, EFA/LA grants totalled to £6.1m. Restricted fund expenditure totalled to £5,734,289, excluding the value of pension deficit relating to the local authority pension scheme.

The main source of unrestricted income was funds transferred on conversion of the academies to the trust totalling £1.2m. Fund raising activities during the period amounted to £185,375.

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 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), 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 since July 2016 have increased and it is expected that they will continue to increase further. Overall the Trust has a healthy balance sheet and cashflow and will be using reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and the short term in conjunction with the school development plan and school aims.

The Trust has an appointed a Chief Finance Officer, who is also known as the Finance Director.

The Finance Director, prior to schools joining, has undertaken a benchmarking exercise of the market and has implemented a Trust MIS system. The Trustees, through the Finance, Risk and Audit Committee, receive financial progress reports throughout the year and compare against budgets submitted to the Education Funding Agency. The Finance, Risk and Audit Committee also review longer term financial models (up to 5 years) to plan and organise resources most effectively to fulfil the aims of the academies and the trust.

The assets were used exclusively for providing education and the associated support services to all the pupils of the academies.

The deficits in the Local Government Pensions Schemes (LGPS) are recognised on the balance sheet in accordance with the provision of FRS102.

Reserves policy

Reserves brought over by schools joining the Trust are accounted for in the schools statements. Schools can apply to access these funds for exceptional expenditure in year once it has met its commitments and covered its other planned expenditure. More specifically reserves are income which becomes available to the academy and is to be spent at the Trustees' discretion in furtherance of any of the academy's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (i.e. is free).

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 Trustees will keep this level of reserves under review and aim to build and maintain the reserves level whilst in keeping with the principle object of the academy.

Total reserves at the end of the period amounted to £26.7m. This balance includes unrestricted funds (free reserves) of £1.3m which is considered appropriate for the academy trust, and restricted funds of £25.4m.

Within the reserves policy users should note that, because of accounting for Local Government Pension Scheme (LGPS), the academy recognises a significant pension fund deficit totalling to £11m. This deficit is included in restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there was a pension surplus included in the restricted funds this would not create an immediately realisable asset that can be released straight away and expended for the specific purpose of that fund.

REACH4 ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Users should note that a surplus or deficit position of the pension scheme would generally result in a cashflow effect of the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans and budgets, and ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trusts budgeted annual income, whilst the deficit may not be eliminated there should be no actual cashflow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

Investment policy

It should be noted that the Academy Trust has substantial powers with regards to investment due to cash balances held in the central bank account. A Trust Investment policy is yet to be fully implemented, however at Academy level the funds the Academy has access to can cover any immediate expenditure, without exposing the Academies to additional risk. Should any potential Investment opportunity arise this would be escalated to the Board for consideration. As of 31st August 2016 no investments were held.

Plans for future periods

As a recently established MAT, Reach4 are committed to improving educational outcomes for pupils across both primary and secondary education. Our value partners underpin the work undertaken by pupils, staff and trustees, these include the following:

Responsibility and Leadership, Enjoyment and Innovation, Aspiration and Development, Collaboration and Inclusion, Honesty and Integrity.

Recognition and support for pupils some of whom come from challenging backgrounds, ensures that we value all round development of the individual through arts, sports, leadership opportunities, enrichment and the community. The Trust is keen to increase the number of academies within its Multi Academy Trust to 25 by the end of December 2017. This in line with the original 5 year business model, which was set out to deliver a model of sustainable improvement.

Educational intervention and support capacity will increase over the academic year through the recruitment of subject leads who will provide further capacity to the directors of education. Additional support is also being addressed at the operational level, to further assist the Trust whilst in its infancy. The Trust, in collaboration with its sister organisation REAch2, is establishing a centralised procurement strategy to realise cost savings and effectiveness across both trusts.

Principal risks and uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principle risks and uncertainties facing a company. The Academy is exposed to a number of financial risks including credit, cashflow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A Trust risk register has been established and going forward will be reviewed and updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Trustees 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. Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to recruiting staff, teaching, health and safety, bullying and school trips) and in relation to the control of finances. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors ensuring they are able to work with pupils, 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 Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with health and safety of staff and pupils.

REACH4 ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Going Concern

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

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

The Trust will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There is a training scheme in operation so that employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the Trust.

During employment the Trust seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

AUDITOR

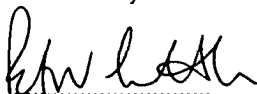
RSM UK Audit LLP was appointed auditor to the charitable company. A resolution proposing re-appointment will be put to the members.

Statement as to disclosure of information to auditor

In so far as the trustees are aware:

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

The trustees' report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 20 December 2016 and signed on its behalf by:



Peter Little

Chair of Trustees

REACH4 ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Reach4 Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Reach4 Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met four times during the Period. Attendance during the Period at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Prof Simon Gregory (Appointed 10 June 2016)	0	1
Naleena Gururani (Appointed 26 October 2016)	0	0
Valerie Dunsford (Appointed 20 November 2015)	2	4
Ross Hall (Appointed 23 September 2015)	2	4
Sir Steve Lancashire (Appointed 23 September 2015)	3	4
Peter Little (Chair of Trustees) (Appointed 23 September 2015)	3	4
James Muir (Appointed 22 June 2016)	1	1
Matthew Robb (Appointed 20 November 2015)	3	4
Jonathan Simons (Appointed 23 September 2015)	4	4
Prof John West-Burnham (Appointed 23 September 2015)	3	4

The impact of each Board meeting is reviewed and monitored through the headline document that each committee reviews and produces on a termly basis. The Trustees' also intend to perform a review of governance and its performance in the coming year.

Key findings, actions taken and their impact are addressed and resolved by the Trust.

The finance committee is a sub-committee of the main board of trustees. Its purpose is to receive financial monitoring reports from individual academies and consider individual academy budget proposals for authorisation, consider exceptional requests for expenditure and to oversee the financial position of the trust. The committee was established in September 2016.

The audit committee is also a subcommittee of the main board of trustees. Its purpose is to:

- Monitor the integrity of the financial statements
- Review internal financial control and reviewing the academy's internal control and risk management systems
- Making recommendations to the governing body in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor
- Reviewing the auditor's independence and objectivity

As the committee during the first year was not established the role fell to trustees. No significant issues to note were dealt with during the year.

REACH4 ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As accounting officer the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Having a dedicated team, who are centrally employed. This will enable more focus on our academies and a more proactive approach being taken.
- Focus for the next year will be around procurement of serviced that will benefit our academies by achieving better quality, delivering economies of scale and consistent outcomes across our academies.
- Commissioning a central MIS system, which is monitored and reviewed regularly when looking at outcomes for children and the targeted focused need to ensure that children are realising their potential.

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 Reach4 Academy Trust for the period to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that have been in place for the period to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided:

- To appoint Adam Goldstein as internal auditor, to carry out a program of internal checks

REACH4 ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

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

- testing of payroll systems
- testing of purchase systems
- testing of control accounts / bank accounts
- testing of compliance with the scheme of delegation and internal controls

On a quarterly basis, Adam Goldstein, the internal auditor, reports to the board of trustees, through the risk and audit committee on the operations of the system of control and on the discharge of the board of trustees' financial responsibilities.

The board can confirm that the internal auditor continues on a program of work and is able to provide details of any material control issues arising as a result of their work. During the current and previous period, there were no material control issues and thus no remedial action was required to be taken.

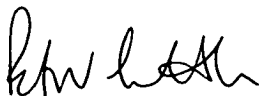
Review of effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the Period in question the review has been informed by:

- The work of the external auditor and internal 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.

The Accounting Officer has been advised of the implications of the results of their review of the system of internal control by the risk and audit committee and a plan to address weakness and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 20 December 2016 and signed on its behalf by:



Peter Little
Chair of Trustees



Elisabeth Nicholas
Accounting Officer

REACH4 ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Reach4 Academy Trust I have considered my responsibility to notify the academy trust board of trustees 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 trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Elisabeth Nicholas
Accounting Officer

20 Dec 2016

REACH4 ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Reach4 Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report (including the strategic 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 Reach4 Academy Trust 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:

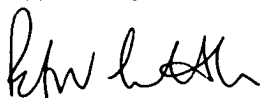
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that grants received from the DfE/EFA have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 20 December 2016 and signed on its behalf by:



Peter Little

Chair of Trustees

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACH4 ACADEMY TRUST

PERIOD ENDED 31 AUGUST 2016

We have audited the financial statements of Reach4 Academy Trust for the Period ended 31 August 2016 set out on pages 20 to 43. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out on page 17, the trustees (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the trustees' report and the incorporated strategic report for the financial Period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACH4 ACADEMY TRUST (CONTINUED)

PERIOD ENDED 31 AUGUST 2016

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 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 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.



Paul Oxtoby (Senior Statutory Auditor)

for and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

West Midlands

B2 5AF

Dated: 22 December 2016

REACH4 ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

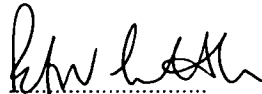
FOR THE PERIOD ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed asset Funds £	Total 2016 £
Income and endowments from:					
Donations and capital grants	3	-	-	46,822	46,822
Donations - transfer on conversion and transfer in	24	1,200,684	-	36,494,284	37,694,968
Charitable activities:					
- Funding for educational operations	4	-	6,114,154	-	6,114,154
Other trading activities	5	185,375	-	-	185,375
Investments	6	2,191	-	-	2,191
Total income and endowments		1,388,250	6,114,154	36,541,106	44,043,510
Expenditure on:					
Raising funds	7	40,496	-	-	40,496
Charitable activities:					
- Educational operations	8	15,361	5,734,289	740,209	6,489,859
Charitable expenditure - transfer on conversion and transfer in	24	-	6,755,000	-	6,755,000
Total expenditure		55,857	12,489,289	740,209	13,285,355
Net income/(expenditure)		1,332,393	(6,375,135)	35,800,897	30,758,155
Transfers between funds		-	(34,502)	34,502	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(4,021,000)	-	(4,021,000)
Net movement in funds		1,332,393	(10,430,637)	35,835,399	26,737,155
Total funds carried forward		1,332,393	(10,430,637)	35,835,399	26,737,155

REACH4 ACADEMY TRUST**BALANCE SHEET****AS AT 31 AUGUST 2016**

	Notes	2016 £	£
Fixed assets			
Tangible assets	12		35,788,577
Current assets			
Debtors	13	1,043,091	
Cash at bank and in hand		2,507,027	
		<u>3,550,118</u>	
Current liabilities			
Creditors: amounts falling due within one year	14	(1,580,540)	
		<u></u>	
Net current assets			<u>1,969,578</u>
Net assets excluding pension liability			<u>37,758,155</u>
Defined benefit pension liability	22		(11,021,000)
			<u></u>
Net assets			<u>26,737,155</u>
Funds of the academy trust:			
Restricted funds	17		
- Restricted fixed asset funds			35,835,399
- Restricted general funds			590,363
- Pension reserve			(11,021,000)
			<u></u>
Total restricted funds			<u>25,404,762</u>
Unrestricted income funds	17		<u>1,332,393</u>
Total funds			<u>26,737,155</u>

The financial statements set out on pages 20 to 43 were approved by the board of trustees and authorised for issue on 20 December 2016 and are signed on its behalf by:



Peter Little

Chair of Trustees

REACH4 ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 AUGUST 2016

	Notes	2016 £	£
Cash flows from operating activities			
Net cash provided by operating activities	20		1,291,832
Cash flows from investing activities			
Dividends, interest and rents from investments		2,191	
Capital grants from DfE and EFA		46,822	
Payments to acquire tangible fixed assets		(34,502)	
Cash funds transferred on conversion		1,200,684	
			<u>1,215,195</u>
Change in cash and cash equivalents in the reporting period			<u>2,507,027</u>
Cash and cash equivalents at beginning of the year			<u>-</u>
Cash and cash equivalents at end of the year			<u><u>2,507,027</u></u>

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

1 Accounting policies

Reach4 Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

Basis of preparation

The financial statements of the academy trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

These are the first Financial Statements of Reach4 Academy Trust.

Reach4 Academy Trust meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

These financial statements have been prepared for the period 23 September 2015 to 31 August 2016 which is a period of less than twelve months. Academy trusts are required by the Education Funding Agency to report annually to 31 August and the academy trust is not permitted under the Companies Act 2006 to extend its accounting reference date to more than eighteen months but it may shorten it.

The Financial Statements are prepared in Sterling which is the functional currency of the Trust.

Monetary amounts shown in these financial statements are rounded to the nearest £1.

Going concern

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

Conversion to an academy trust

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

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

Income

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

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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.

Donations

These financial statements are the first financial statements of Reach4 Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Reach4 Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

Other income

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

Donated goods, facilities and services

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

Charitable activities

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

Tangible fixed assets and depreciation

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Long leasehold land and buildings	50 years straight line
Computer equipment	3 years straight line
Fixtures, fittings and equipment	4 years straight line

A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Taxation

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

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

Fund accounting

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

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

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

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

Financial instruments

The Academy Trust has chosen to adopt Section 11 and Section 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and liabilities are recognised when the academy becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Employment benefits

Short-term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render services to the Academy Trust. The cost of any unused holiday entitlement the Academy Trust expects to pay in future periods is recognised in the period the employees' services are rendered.

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Leasing

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Trust as lessee.

3 Donations and capital grants

	Total 2016 £
Capital grants	46,822

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £
DfE / EFA grants			
General annual grant (GAG)	-	3,908,128	3,908,128
Start up grants	-	1,180,000	1,180,000
Other DfE / EFA grants	-	962,845	962,845
	-	6,050,973	6,050,973
Other government grants			
Local authority grants	-	63,181	63,181
Total funding	-	6,114,154	6,114,154

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £
Hire of facilities	430	-	430
Catering income	36,550	-	36,550
Music tuition	91	-	91
Other income	148,304	-	148,304
	<u>185,375</u>	<u>-</u>	<u>185,375</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £
Short term deposits	<u>2,191</u>	<u>-</u>	<u>2,191</u>

7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £
Expenditure on raising funds	-	-	40,496	40,496
Academy's educational operations				
- Direct costs	2,656,371	-	531,300	3,187,671
- Allocated support costs	<u>1,506,428</u>	<u>983,980</u>	<u>811,780</u>	<u>3,302,188</u>
Total expenditure	<u>4,162,799</u>	<u>983,980</u>	<u>1,383,576</u>	<u>6,530,355</u>

Net income for the Period includes:

	2016 £
Fees payable to auditor	
- Audit	37,000
- Other services	18,000
Operating lease rentals	26,488
Net interest on defined benefit pension liability (note 22)	167,000
Depreciation of tangible fixed assets	<u>740,209</u>

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

7 Expenditure (Continued)

Central services

The academy trust has provided the following central services to its academies during the Period:

- Accountancy and financial planning systems;
- Accountancy support;
- HR support;
- Payroll;
- Estates strategic management and capital improvement;
- Governance support;
- Policy development;
- Executive Principals and Associate School Leaders;
- School Performance Management;
- Risk Management;
- School leadership development and training;
- School leadership performance management;
- Trust leadership and networking;
- Liaison with regulators and policy makers (DfE, EFA, Regional Schools' Commissioner, OFSTED, Charities Commission and Companies House).
- Media and publicity management;

The academy trust charges for these services on the following basis:

- flat percentage of GAG income 6.5%

The amounts charged during the Period were as follows:

	Total £
Hatfield Primary Academy	39,830
Hartley Brook Primary Academy	57,136
Gooseacre Primary Academy	23,984
The Hill Primary Academy	37,406
Highgate Primary Academy	24,485
Carrfield Primary Academy	25,093
Castle Academy	12,459
Greengate Lane Academy	5,344
Lower Meadow Primary Academy	12,776
Edenthorpe Hall Academy	4,276
Hillside Academy	2,593
Byron Wood Primary Academy	10,720
	<hr/> 256,102 <hr/>

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2016 £
Direct costs - educational operations	15,361	3,172,310	3,187,671
Support costs - educational operations	-	3,302,188	3,302,188
	<u>15,361</u>	<u>6,474,498</u>	<u>6,489,859</u>

	2016 £
Analysis of support costs	
Support staff costs	1,506,428
Depreciation and amortisation	740,209
Technology costs	28,290
Premises costs	243,771
Other support costs	434,009
Governance costs	349,481
	<u>3,302,188</u>

9 Staff costs

	2016 £
Wages and salaries	3,254,788
Social security costs	218,896
Other pension costs	572,794
	<u>4,046,478</u>
Total staff costs	4,046,478
Supply staff costs	114,326
Staff development and other staff costs	1,995
	<u>4,162,799</u>

Staff numbers

The average number of persons employed by the academy trust during the Period was as follows:

	2016 Number
Teachers	296
Administration and support	306
	<u>602</u>

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

9 Staff costs (Continued)

Higher paid staff

There were no employees whose annual remuneration was £60,000 or more.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team. The salaries of the key management personnel are paid by Reach2 Academy Trust and recharged to the Trust. The recharge amounted to £256,823.

10 Trustees' remuneration and expenses

One of the trustees has received remuneration during the period for the role of accounting officer as part of their employment with The academy trust. The cost to the trust was incurred via a recharge from a connected body during the year. The gross salary for the period in question was £23,333. The principals and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

11 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The cost for the Period ended 31 August 2016 was £6,023. The cost of this insurance is included in the total insurance cost.

12 Tangible fixed assets

	Long leasehold land and buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
Transfer on conversion (note 24)	36,494,284	-	-	36,494,284
Additions	-	20,374	14,128	34,502
At 31 August 2016	36,494,284	20,374	14,128	36,528,786
Depreciation				
Charge for the Period	729,886	6,791	3,532	740,209
At 31 August 2016	729,886	6,791	3,532	740,209
Net book value				
At 31 August 2016	35,764,398	13,583	10,596	35,788,577

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

13 Debtors	2016
	£
Trade debtors	40,979
VAT recoverable	341,520
Other debtors	17,475
Prepayments and accrued income	643,117
	<u>1,043,091</u>
14 Creditors: amounts falling due within one year	2016
	£
Trade creditors	635,907
Other taxation and social security	164,859
Other creditors	322,850
Accruals and deferred income	456,924
	<u>1,580,540</u>
15 Deferred income	2016
	£
Deferred income is included within:	
Creditors due within one year	<u>232,000</u>
Amounts deferred in the Period	<u>232,000</u>
Deferred income at 31 August 2016	<u><u>232,000</u></u>
The deferred income balance of £232,000 relates to start-up grants received in relation to academies which had not joined the trust prior to the year end.	
16 Financial instruments	2016
	£
Carrying amount of financial assets	
Debt instruments measured at amortised cost	<u>58,454</u>
Carrying amount of financial liabilities	
Financial liabilities measured at amortised cost	<u><u>(1,138,109)</u></u>

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

17 Funds

	Income	Expenditure	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£
Restricted general funds				
General Annual Grant	3,908,128	(3,283,263)	(34,502)	590,363
Start up grants	1,180,000	(1,180,000)	-	-
Other DfE / EFA grants	962,845	(962,845)	-	-
Other government grants	63,181	(63,181)	-	-
	<u>6,114,154</u>	<u>(5,489,289)</u>	<u>(34,502)</u>	<u>590,363</u>
Funds excluding pensions	6,114,154	(5,489,289)	(34,502)	590,363
Pension reserve	-	(7,000,000)	(4,021,000)	(11,021,000)
	<u>6,114,154</u>	<u>(12,489,289)</u>	<u>(4,055,502)</u>	<u>(10,430,637)</u>
Restricted fixed asset funds				
DfE / EFA capital grants	46,822	(10,323)	34,502	71,001
Inherited funds	36,494,284	(729,886)	-	35,764,398
	<u>36,541,106</u>	<u>(740,209)</u>	<u>34,502</u>	<u>35,835,399</u>
Total restricted funds	<u>42,655,260</u>	<u>(13,229,498)</u>	<u>(4,021,000)</u>	<u>25,404,762</u>
Unrestricted funds				
General funds	<u>1,388,250</u>	<u>(55,857)</u>	<u>-</u>	<u>1,332,393</u>
Total funds	<u>44,043,510</u>	<u>(13,285,355)</u>	<u>(4,021,000)</u>	<u>26,737,155</u>

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

17 Funds (Continued)

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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

The inherited fixed assets fund has been set up to recognise the tangible assets gifted to the academies upon conversion and transfer into the Trust which represent the school sites including the long leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

The Capital grants fixed assets fund has been set up to recognise the tangible assets purchased by the Trust following conversion that have been funded by capital grants received by the Trust. This fund has been created by a transfer from the Capital grants fund of an amount equivalent to the cost of the tangible assets involved. Depreciation charged on those tangible assets is allocated to the fund.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to each Academy within the Trust via the Education Funding Agency (formerly the Young People's Learning Agency) by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academies within the Trust.

The Pension Reserve deficit fund has been created to separately identify the pension deficit inherited from the local authority upon conversion of each Academy, and through which all the pension scheme movements are recognised.

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

17 Funds (Continued)

Total funds analysis by academy

	Total £
Fund balances at 31 August 2016 were allocated as follows:	
Hatfield Primary Academy	111,757
Hartley Brook Primary Academy	41,187
Gooseacre Primary Academy	439,228
The Hill Primary Academy	288,582
Highgate Primary Academy	224,863
Carrfield Primary Academy	311,594
Castle Academy	61,308
Greengate Lane Academy	270,377
Lower Meadow Primary Academy	33,663
Edenthorpe Hall Academy	61,671
Hillside Academy	(10,051)
Byron Wood Primary Academy	4,313
Central services	84,264
	<hr/>
Total before fixed assets fund and pension reserve	1,922,756
Restricted fixed asset fund	35,835,399
Pension reserve	(11,021,000)
	<hr/>
Total funds	26,737,155
	<hr/>

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

17 Funds (Continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Hatfield Primary Academy	292,937	224,412	14,916	157,586	689,851
Hartley Brook Primary Academy	491,850	396,919	21,306	157,040	1,067,115
Gooseacre Primary Academy	292,378	54,115	4,063	94,582	445,138
The Hill Primary Academy	460,521	83,350	18,784	245,355	808,010
Highgate Primary Academy	297,816	41,192	16,292	122,820	478,120
Carrfield Primary Academy	248,480	40,818	8,875	121,644	419,817
Castle Academy	155,615	24,062	2,603	41,807	224,087
Greengate Lane Academy	64,260	1,345	-	10,943	76,548
Lower Meadow Primary Academy	170,490	33,023	-	8,314	211,827
Edenthorpe Hall Academy	30,876	7,456	-	10,000	48,332
Hillside Academy	25,919	6,286	-	17,741	49,946
Byron Wood Primary Academy	124,394	26,335	610	9,265	160,604
Central services	500	567,115	675	542,462	1,110,752
	<u>2,656,036</u>	<u>1,506,428</u>	<u>88,124</u>	<u>1,539,559</u>	<u>5,790,147</u>

18 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016
	£	£	£	£
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	35,788,577	35,788,577
Current assets	1,332,393	2,170,903	46,822	3,550,118
Creditors falling due within one year	-	(1,580,540)	-	(1,580,540)
Defined benefit pension liability	-	(11,021,000)	-	(11,021,000)
	<u>1,332,393</u>	<u>(10,430,637)</u>	<u>35,835,399</u>	<u>26,737,155</u>

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

19 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £
Amounts due within one year	40,791
Amounts due between one and five years	64,745
Amounts due after five years	-
	<hr/> 105,536 <hr/>

20 Reconciliation of net income to net cash flows from operating activities

	2016 £
Net income for the reporting period	30,758,155
Adjusted for:	
Net surplus transferred on conversion	(30,939,968)
Capital grants from DfE/EFA and other capital income	(46,822)
Interest receivable	(2,191)
Defined benefit pension scheme cost less contributions payable	78,000
Defined benefit pension scheme finance cost	167,000
Depreciation of tangible fixed assets	740,209
(Increase) in debtors	(1,043,091)
Increase in creditors	1,765,891
Creditors on conversion	(185,351)
	<hr/>
Net cash provided by operating activities	1,291,832 <hr/>

21 Members' liability

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

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

22 Pensions and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £39,966 were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014.

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.

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

The employer's pension costs paid to the TPS in the period amounted to £594,000.

The TPS is a multi-employer pension scheme and there is insufficient information to account for the scheme as a defined benefit scheme so it is accounted for as a defined contribution scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 21.47% for employers and 5.5 to 12.5% for employees.

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

22 Pensions and similar obligations (Continued)

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 24) together with new employees who joined 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 trust at the balance sheet date.

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.

Total contributions made	2016 £
Employer's contributions	594,000
Employees' contributions	191,000
Total contributions	<u>785,000</u>

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

Principal actuarial assumptions	2016 %
Rate of increases in salaries	3.65
Rate of increase for pensions in payment	2.0
Discount rate	2.2
Inflation assumption (CPI)	<u>1.9</u>

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

	2016 Years
Retiring today	
- Males	23.0
- Females	25.7
Retiring in 20 years	
- Males	25.4
- Females	<u>28.5</u>

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

22 Pensions and similar obligations (Continued)

The academy trust's share of the assets in the scheme	2016 Fair value £
Equities	3,653,000
Government bonds	940,000
Other bonds	387,000
Cash	106,000
Property	688,000
Other assets	483,000
	<hr/>
Total fair value of assets	6,257,000
	<hr/>
Actual return on scheme assets - gain	851,000
	<hr/>
Amounts recognised in the statement of financial activities	2016 £
Current service cost	672,000
Net interest cost	167,000
	<hr/>
Changes in the present value of defined benefit obligations	2016 £
Obligations acquired on conversion	11,408,000
Current service cost	672,000
Interest cost	324,000
Employee contributions	191,000
Actuarial loss	4,715,000
Benefits paid	(32,000)
	<hr/>
At 31 August 2016	17,278,000
	<hr/>
Changes in the fair value of the academy trust's share of scheme assets	2016 £
Assets acquired on conversion	4,653,000
Interest income	157,000
Return on plan assets (excluding net interest on the net defined pension liability)	694,000
Employer contributions	594,000
Employee contributions	191,000
Benefits paid	(32,000)
	<hr/>
At 31 August 2016	6,257,000
	<hr/>

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

22 Pensions and similar obligations (Continued)

23 Related party transactions

The following related party transaction took place in the period of account. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

During the year the Academy Trust entered into the following transactions with REAch2 Academy Trust a company in which Sir Steve Lyndon Lancashire (the interim CEO and trustee of the trust) and Peter Christopher Little (a trustee of the trust) are trustees:

- Purchase of services £682,016. There were amounts outstanding at 31 August 2016 of £160,538. This relates to staff costs recharged in the 2016 accounts. Cost value represents staff employed by REAch2 on behalf of Reach4 academy of £303,756 and secondments to the trust in the period totalling £376,782.
- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2015.

24 Conversion to an academy

In 2016 the following schools converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Reach4 Academy Trust from the the respective Local Authorities for £nil consideration.

School	Local Authority	Date of conversion
Lower Meadow Primary School	Sheffield	1 July 2016
Edenthorpe Hall Primary School	Doncaster	1 August 2016
Conisbrough Balby Street Primary School	Doncaster	1 August 2016
Byron Wood Primary School	Sheffield	1 August 2016

In 2016 the following academies transferred into the academy trust and all the operations and assets and liabilities were transferred to Reach4 Academy Trust for £nil consideration.

School	Previous Trust	Date of transfer in
Hatfield Academy	HBH Academy Trust	01-May-16
Hartley Brook Primary School	HBH Academy Trust	01-May-16
Gooseacre Primary School	Navigate Academy Trust	01-May-16
The Hill Primary Academy	Navigate Academy Trust	01-May-16
Highgate Primary Academy	Navigate Academy Trust	01-May-16
Carrfield Primary Academy	Navigate Academy Trust	01-May-16
Castle Academy	Castle Academy Trust	01-Jun-16
Greengate Lane Academy	Greengate Lane Academy Trust	01-Aug-16

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

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

REACH4 ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2016

24 Conversion to an academy (Continued)

Net assets transferred:	Donated on transfer to the Trust £	Donated on conversion to Academy £	Total 2016 £
Leasehold land and buildings	26,096,985	10,397,299	36,494,284
School funds	1,127,925	72,759	1,200,684
LGPS pension deficit	(2,874,000)	(3,881,000)	(6,755,000)
	<u>24,350,910</u>	<u>6,589,058</u>	<u>30,939,968</u>

Funds surplus/(deficit) transferred:	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fixed assets funds	-	-	36,494,284	36,494,284
School funds	1,200,684	-	-	1,200,684
LGPS pension funds	-	(6,755,000)	-	(6,755,000)
	<u>1,200,684</u>	<u>(6,755,000)</u>	<u>36,494,284</u>	<u>30,939,968</u>

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO REACH4 ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 30 September 2016 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Reach4 Academy Trust during the period 23 September 2015 to 31 August 2016 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 Reach4 Academy Trust and the EFA in accordance with the terms of our engagement letter dated 30 September 2016. Our work has been undertaken so that we might state to the Reach4 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 the Reach4 Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Reach4 Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Reach4 Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 2015/6. 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 23 September 2015 to 31 August 2016 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 2015/6 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 trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO REACH4 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 23 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



RSM UK Audit LLP
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West Midlands
B2 5AF

Dated: 22 December 2016