

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022



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

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REACH SOUTH ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr J Ellison Ms A Stevens Sir S Lancashire
Trustees	Mr M Agius CBE, Chair of Trustees ¹ Ms S Inghish, Vice Chair of Trustees ² Mr D Ashton, Chief Executive Officer ^{1,3,4} Mr A Gunn ^{1,3} Mr M Papworth ² Ms A Stevens (Resigned 1 June 2022) ^{3,4} Dr C Gentle ^{1,3} Lady P Marland Mr J Thakkar (Appointed 1 June 2022) ³ Mr A Newton ^{3,4} Ms G Beaver ² Ms H Tomlinson ^{1,4} Mr A Crossman ⁴ ¹ Finance ² Risk & Audit ³ HR ⁴ Education Performance & Standards
Company registered number	10151730
Company name	Reach South Academy Trust
Principal and registered office	C/O UTC Plymouth Park Avenue Devonport Plymouth Devon PL1 4RL
Chief executive officer	Mr D Ashton
Senior Management Team	Mr D Ashton, Chief Executive Officer Mr C Toye, Deputy Chief Executive Officer Ms M Wilkins, Director of Finance Ms O Frings, Director of HR Mr M Elms, Director of Education Mr I Carnwell, Director of Operations Mr T Kirk, Director of Finance (Interim) Mr J Hamp, Director of Inclusion
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN

**REACH SOUTH ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022**

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2022. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates eight primary academies, one all-through 3-16 academy and one University Technical College in Plymouth: two primary academies and one all-through 4-16 academy in Bournemouth, Christchurch and Poole, a special academy in Wiltshire and a special academy in Gloucestershire.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of Reach South Academy Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company operates as Reach South Academy Trust.

Details of the Trustees who served throughout the year and to the date that the accounts are approved, are included in the Reference and Administration Details.

Members' Liability

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

Trustees' Indemnities

The Trust requires all academies within the Trust to opt into the academies Risk Protection Arrangement (RPA) <https://www.gov.uk/guidance/the-risk-protection-arrangement-rpa-for-schools>

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

Method of recruitment and appointment or election of Trustees

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

- The number of Trustees shall be not less than three and the maximum number shall be twelve
- Up to eight Trustees who are appointed by Members.
- Co-opted Trustees appointed by the Board.
- The CEO appointed by Members, providing the CEO agrees to act which was the case for the accounting period.

Parental representation in the governance structure is through election to the relevant Local Governing Body.

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022**

Trustees are appointed for a four-year period, except that this time limit does not apply to the Chief Executive. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

The Board has established a Nominations Committee to consider the candidature of potential new Trustees prior to recommendation for full Board consideration. When appointing new Trustees, the Board will consider the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development. The Nominations Committee makes use of an independent recruitment organisation to nationally advertise and pre-select a shortlist of potential candidates for the Committee's consideration. The Committee meets and interviews the shortlisted candidates. In the case of co-opted Trustees, the full Board will determine whether a candidate is appointed as a Trustee, after consideration of the recommendation of the Nominations Committee. In all other cases, the Board will make a recommendation to the Members who will determine the appointment.

During the 2021-2022 financial year, Anne Stevens resigned as a Trustee. In identifying a replacement, the Board considered the skills and expertise profile of the remaining Trustees. Amongst other qualities, the Board identified that expertise and experience of the strategic management of people, at executive level, would be an essential quality in recruiting a new Trustee. The Nominations Committee, led by the Chairman, prepared a job description and person specification and engaged Nurole (<https://www.nurole.com/>) to recruit candidates and carry out initial suitability checks. The Nominations Committee interviewed shortlisted candidates. Mr J Thakkar was identified for Recommendation to the Board of Trustees and then recommended to the Members. The Members appointed Jairaj Thakkar as a Trustee with effect from 1 June 2022.

Policies and Procedures adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. During 2021-22 the training programme has been impacted by the Covid-19 pandemic and the move to virtual meetings from March 2020.

Trustees have received briefings and training on:

- Governance; internal and external review of the Trust Board and governance function.
- The Trust's approach for tackling racism.
- Management Accounts.
- Safeguarding.
- Admissions
- Effective Board Practice

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022**

Organisational Structure

Following a comprehensive review of our governance during 2022, the Trust has adopted a Scheme of Delegation of Governance set out:

<https://www.reachsouth.org/page/?title=Governance&pid=13>

The Board of Trustees meets at least six times each year. The Board establishes an overall framework for the governance of the Multi Academy Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committee Chairs reports. It monitors the activities of the Committees through the minutes of their meetings and their reports to the full Board. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are six Committees as follows:

- Finance Committee - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management.
- Risk and Audit Committee - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing compliance with reporting and regulatory requirements. The Committee also receives reports from the internal and external Auditors and provides overview and scrutiny of management response to audit findings.
- Education Performance and Standards Committee - this meets at least three times a year to monitor, evaluate and review Academy policy, practice and performance in relation to education performance, target setting and assessment, examinations and all pastoral issues.
- Human Resources Committee - this meets at least three times a year to monitor, evaluate and review policy and regulatory compliance in relation to all matters relating to staffing.
- Trustee Nominations Committee - this meets as and when required and considers the person specification for recruiting new Trustees and candidate eligibility prior to recommendation to the full Board for consideration.
- Remuneration Committee – this meets as and when required and considers the performance of the CEO; and salary changes for the CEO, Executive Team and Headteachers.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its Committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the CEO and Clerk to the Trustees and to approve the Annual Development Plan and budget.

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

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

The CEO is the Accounting Officer.

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

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

Arrangements for setting pay and remuneration of key management personnel

The Board of Trustees and the Chief Executive Officer comprises the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day-to-day basis. All Trustees give their time freely and no Trustee received remuneration in the year. The Chief Executive is remunerated as an employee of the Trust.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The Trustees have established a Remuneration Committee for reviewing executive pay and performance management. The pay of key management personnel is reviewed annually and normally increased in accordance with relevant national pay awards. When reviewing executive pay, the Remuneration Committee takes account of national and local salary benchmarks, relevant labour market pressures on recruitment and retention, performance of the Chief Executive against agreed targets and value for money.

The Remuneration Committee conducts the performance review of the Chief Executive Officer annually.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	
1%-50%	2
51%-99%	
100%	

TRUSTEES' REPORT
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Percentage of pay bill spent on facility time

Provide the total cost of facility time	£1,451.64
Provide the total pay bill	£28,987,241.54
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	0.005%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:	0
(total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	0

Related Parties and other Connected Charities and Organisations

There are no related parties that either control or significantly influence the decisions and operations of Reach South Academy Trust.

Engagement with employees (including disabled persons)

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

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

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

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

The Trust has developed a Recruitment and Selection Policy and Procedure which was implemented in October 2021. This policy will in addition to fair and transparent recruitment practices, include opportunities for career progression and promotion for all staff within the Trust irrespective of their age, disability, gender reassignment status, marriage or civil partnership status, pregnancy or maternity, race, religion or belief, sex or sexual orientation.

TRUSTEES' REPORT
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The Trust engages with their employees through many means and methods, including:

- Consulting with employees on key matters, including engaging the relevant union officials.
- A staff representative on all Academy Local Governing Bodies.
- Trust wide Inset Days.
- Trust wide Network groups including BAME Network Group and Network Groups such as Staff with Disabilities Network Group and an LGBTQ Network Group which has been in place since 2021/2022.
- Regular updates to all staff, via schools, emails and briefings.

Engagement with suppliers, customers and others in a business relationship with the Trust

The Academy Trust works closely with suppliers and aims to process and pay all invoices within the agreed payment terms. The Academy Trust is now required to publish its payment practices every 6 months on the gov.uk website. For the period 1 March 2022 to 31 August 2022, the average time taken to pay invoices was 13 days, The Academy Trust paid 97% of invoices within 30 days, 2% in 31 to 60 days and 1% in 61 days or more.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Multi Academy Trust is to advance for the public benefit, education in the United Kingdom. It seeks to achieve this by establishing, maintaining, carrying on, managing and developing mainstream academies offering a broad range of curriculum for pupils of different abilities; as well as special academies organised to make special educational provision for pupils with special educational needs; and 16- 19 academies offering a curriculum appropriate to the needs of their students.

The Trust aims to establish academies principally in the South West region of England.

At Reach South Academy Trust, we aim to achieve the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment. The Board set out 15 statements of intent, when it formed in 2016, to guide the Trust in its development and in its achievement of its charitable objects.

The 15 statements of intent are summarised as a set of core values, curriculum principles and organisational behaviours:

Core Values

- Inclusivity.
- Promoting social mobility.
- Serving our local communities.
- Believing in the potential of our young people.
- Preparing tomorrow's adults to contribute to social, economic, environmental and cultural sustainable development.

**TRUSTEES' REPORT
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Curriculum Principles

- High standards of educational achievement.
- A broad, rich and experiential curriculum.
- Relevant learning pathways for our young people.
- A verifiable research evidence base to our curriculum.
- Teaching young people to be effective learners.

Organisational Behaviours

- Encouraging professional freedoms within consistent boundaries.
- Championing young people rather than institutions.
- Collaboration rather than competition where it adds value to positively impacting on pupil outcomes.
- Integrity and trust.
- Developing our people.

Objectives, Strategies and Activities

The Trustees set a Strategic Plan in 2018 that set out a clear vision for the Trust and seven strategic priorities:

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

In December 2020, the Board approved the move to a new organisational structure that further strengthened our effective school intervention capacity and prepared us for the next stage of the Trust's development. The organisational development has been further progressed during the 2021-2022 financial year. This has included the appointment of a permanent Deputy CEO from September 2022. A Deputy Director of Inclusion and a Specialist Leader in Inclusion, reporting to the Director of Inclusion, are also new posts that take effect from September 2022. The number of Deputy Directors of Education are increasing from three to four, with effect from September 2022. All of these new posts will increase the Trust's capacity to drive school improvement and ensure that every pupil makes progress.

The impact of the Covid-19 pandemic during 2020-2021 and 2021-2022, was to reprioritise our immediate objectives to provide the necessary support for our pupils and their families during those difficult times. As the impact of the pandemic fades, the Trustees plan to review the strategic vision and aims of the Trust before the end of 2022.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

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The Multi Academy Trust aims to advance for the public benefit, education in the South West of England. During the period to 31st August 2022, the focus of The Trust's objective to advance education for the public benefit has been to:

- Operate eight primary academies in Plymouth offering a broad and balanced curriculum.
- Operate two primary academies in Bournemouth offering a broad and balanced curriculum.
- Operate two special academies. One special academy in Wiltshire providing a curriculum to meet the needs of children with Autistic Spectrum Disorder (ASD) and related conditions. The academy operates its main site in Calne, Wiltshire; and a satellite provision, Springfields South, in Salisbury, Wiltshire. A second special academy in Dursley, Gloucestershire, meets the needs of pupils with diagnosed Social, Emotional and Mental Health needs (SEMH).
- Operate an all-through 3-16 free school in Plymouth and an all-through 4-16 free school in Bournemouth, Christchurch and Poole offering a broad and balanced curriculum.
- Operate the UTC Plymouth, for 11-19 year olds, offering a specialist science, technology, engineering and maths (STEM) curriculum with a focus on engineering.

The Trust will open a third special academy, Salisbury Academy for Inspirational Learning, in September 2023, as a free school.

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022**

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Trust acquired a new academy during the year. Peak Academy in Dursley, Gloucestershire, joined the Trust on 1 August 2022. Peak Academy transferred from another Multi Academy Trust, following concerns identified by Ofsted during the previous year. Peak is a special academy catering for pupils with a diagnosis of SEMH.

The impact of the Covid-19 pandemic during the 2020-2021 and 2021-2022 academic years necessarily changed operational priorities and performance targets. The impact of social 'lock-downs' inevitably had an impact on pupil lost-learning. This had a variable impact on pupils depending on a range of circumstances. During the second half of the 2021-2022 financial year, the impact of the pandemic significantly reduced allowing the reintroduction of national examinations and of school Ofsted inspections.

The Trust had five of its academies inspected by Ofsted, during the 2021-2022 financial year as well as the residential provision at The Springfields Academy. The results of those inspections, along with a relevant quote from each report, were:

Stoke Damerel Primary Academy, Inspected 13 September 2021 – Ofsted rating GOOD

"The vast majority of pupils learn well and make good progress in reading, writing, English and mathematics." "Leaders have an accurate view of the school's strengths and weaknesses and use the information gained effectively to bring about school improvement."

Drake Primary Academy, Inspected 28 September 2021 – Ofsted rating GOOD

"Pupils enjoy school. Staff go the extra mile to help pupils whenever they need it. This included providing high-quality support following the pandemic and the events that occurred in Keyham during the summer." "Pupils learn effectively through a well-considered curriculum. This provides a secure foundation of knowledge for the next stage in pupils' education, including in English, mathematics and across the range of subjects."

Stuart Road Primary Academy, Inspected 3 November 2021 – Ofsted rating GOOD

"Pupils learn what it means to be part of a community at Stuart Road Primary. Leaders make sure that every single pupil feels included." "Trust leaders have created a partnership between this school and another local school within the trust. This has strengthened both senior leadership and the leadership of the curriculum within the school. Staff welcome the opportunity to collaborate with a wider range of colleagues. This helps them to manage their workload and supports them to tailor the curriculum to better meet the needs of pupils."

Malmesbury Park Primary School, Inspected 15 March 2022 – Ofsted rating GOOD

"Pupils are at the heart of this diverse school. They are proud of their school and say that everyone is accepted and that it is one big family. Leaders know the community they serve. They have considered carefully the many cultural backgrounds of pupils in the curriculum design and school values." "Leaders have a clear vision for the curriculum, underpinned by the values they want pupils to learn. They have identified the key knowledge that they want pupils to know in each subject."

**TRUSTEES' REPORT
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The Springfields Academy (Residential), Inspected 8 March – Ofsted rating GOOD

"Children enjoy their residential experience and make good progress because their health, education, well-being and independence are prioritised and well promoted. One parent was keen to tell the inspector how their child's health had improved significantly because of the sensitive support the child receives to manage his health needs."

The Springfields Academy (School), Inspected 9 March – Ofsted rating GOOD

"All pupils have special educational needs and/or disabilities (SEND), and staff understand these needs extremely well. Staff also understand how these needs relate to each unique pupil's interests and ambitions. As a result, pupils are successfully helped to attain the school's stated goal of living 'safe and independent lives.'"

The **National Autistic Society (NAS)** also formally assessed The Springfields Academy. On 18 July 2022, the NAS confirmed the award of '**Advanced Specialist Award**' for Springfields. The NAS Committee noted: "Staff have an excellent working knowledge of evidence-informed approaches associated with good autism practice." "Practice is consistently informed by an understanding of how to support each autistic individual in their communication and social interaction; in becoming more self-reliant; in sensory regulation and in maintaining their emotional well-being." "Evidence has been submitted by the provision of initiatives or innovations that have had a considerable impact on the quality-of-life of autistic individuals and on the understanding that families, other professionals or members of the public have about autism."

Key Performance Indicators

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

- General Annual Grant (GAG) funding per pupil
- Total income per pupil
- Total expenditure per pupil
- Agency staff costs per pupil
- Total staff costs per pupil
- Total non-staff costs per pupil
- Educational staff costs as % of total expenditure
- Support staff costs as % of total expenditure
- Total staff costs as % of total expenditure

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

Each academy is set a target to achieve a 2% surplus in its budget and a total labour cost of no more than 75% of total income. The exception to this was the Trust's special academy, which only had a target of 1.5%, and three Academies that are in a turnaround phase

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

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 at least one year from the date of authorisation for issue of the financial statements. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

Most of the Academy Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2022 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE, which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy Trust's accounting policies.

During the year ended 31 August 2022, the Academy Trust received total income of £42,336,838 and incurred total expenditure of £42,989,240 inclusive of the Restricted Fixed Asset Fund but before other recognised gains/(losses), the surplus of expenditure over income for the year was £652,402. The Trust's revenue reserves decreased by £397,598, £25,754 of which related to free reserves. Free reserves consist of unrestricted and GAG reserves carried forward.

At 31 August 2022, the net book value of fixed assets was £93,324,831 and movements in tangible fixed assets are shown in Note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its nonteaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activities with details in Note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Financial Procedure Policy and the Scheme of Delegation of Financial Powers, which lay out the framework for financial management, including financial responsibilities of the Board, Headteachers, Executives, Executive Business Manager and other staff, as well as delegated authority for spending.

The statement of financial activities for the financial year ended 31 August 2022, indicates that the Trust generated a surplus for the period of £23,540,598. This figure includes a £3,852,199 increase of the fixed asset fund. The overall surplus also includes a deficit decrease of £20,086,000 in the relevant Local Government Pension Schemes (LGPS). These are underwritten by the UK Government.

Without the effects of capital depreciation and pension scheme deficits, the Trust made an operating deficit of £101,835 for the year ended 31 August 2022.

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	2022 £	2021 £
Income from:		
Donations excluding capital grants and amounts transferred from existing Trusts	1,867,408	1,401,450
Charitable activities	35,731,125	33,940,964
Other trading activities	422,715	394,358
Investments	585	484
Operating Income	37,641,833	35,737,256
Total expenditure from unrestricted funds	728,513	544,920
Total expenditure from restricted funds excluding pension reserve	36,510,956	33,312,840
Total revenue expenditure funded by capital grants	504,199	935,521
Operating costs	37,743,668	34,793,281
NET OPERATING SURPLUS(DEFICIT) FOR THE YEAR	(101,835)	943,975
<i>Non-operating income and expenditure:</i>		
Net Movement in Restricted fixed asset funds	3,852,199	(972,518)
Net Movement in the Pension reserve	20,086,000	(5,109,000)
Transfers from existing Academy Trusts into other restricted funds	122,645	-

Reserves Policy

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

The Trustees have determined that the appropriate level of free reserves should be approximately 5% of GAG income, which equates to £1,338,014. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to support the Trust through the investment of resources. Total reserves of the Academy Trust amount to £96,142,679 (excluding the defined benefit pension liability), although £94,934,736 of this is invested in fixed assets or represents non-GAG restricted funds. The remaining £1,207,943 (representing £1,142,069 unrestricted funds and £65,874 restricted GAG funds) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

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

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Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Day-to-day management of the surplus funds is delegated to the Finance Director within strict guidelines approved by the Board of Trustees.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Principle risks identified by Trustees are:

1. Preventable Risks
 - a. Financial
 - b. Safeguarding
 - c. Data Protection
 - d. Staffing
 - e. Estates
2. Strategic Risks
 - a. UTC Plymouth Capacity of premises to meet demand
 - b. Millbay Academy Capital Programme
 - c. New Special Free School Capital Programme in Wiltshire
3. External Risks
 - a. Pensions liability
 - b. Energy supply and costs

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022**

STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data for the period	1 September 2021 to 31 August 2022	1 September 2020 to 31 August 2021
Energy consumption used to calculate emissions (kWh)	4,723,152	5,089,980
Energy consumption break down (kWh) (optional)		
• gas,	3,253,991	3,632,945
• electricity,	1,283,999	1,432,083
• transport fuel	185,162	24,953
<u>Scope 1 emissions in metric tonnes CO₂e</u>		
Gas consumption	622.8	697
Owned transport – mini-buses	25.3	1.53
<u>Total scope 1</u>		698.80
<u>Scope 2 emissions in metric tonnes CO₂e</u>		
Purchased electricity	272.6	304
<u>Scope 3 emissions in metric tonnes CO₂e</u>		
Business travel in employee owned vehicles	17.6	4.29
<u>Total gross emissions in metric tonnes CO₂e</u>	938	1,007
<u>Intensity ratio</u>		
Tonnes CO ₂ e per pupil	0.19	0.20

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting. This report summarises the energy usage, associated emissions, energy efficiency actions and energy performance under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

A key focus of the Academy Trust since its formation has been on energy efficiency linked to improving the quality of the learning environment. New LED lighting, solar panels and energy efficient boilers have been installed in some school premises and the Academy Trust encourages the use of video conferencing technology for staff meetings, to reduce the need for travel between sites.

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022**

PLANS FOR FUTURE PERIODS

The Board of Trustees have scheduled a review and refresh of the strategic intent and vision for the Trust for November 2022. The review will address a range of strategic intentions including:

- The ambitions of the Trust in terms of educational performance of its academies.
- The ambitions of the Trust in terms of growth over the next five-years.
- The resilience of the Trust in terms of the external challenges of energy security, economic security, public health security and environmental security.
- Recruitment and development of talent within the Trust.

Through the process of strategic review, the Trustees will set the high-level vision and priorities for the Trust from which a Strategic Development Plan for the next 5-years will be developed.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

SECTION 172 STATEMENT

The Trustees are aware they must apply the highest standards of conduct and ensure robust governance to meet effective financial management, regularity and propriety in the use of the trust's funds, and achieve economy, efficiency and effectiveness for value for money.

Key financial policies adopted or reviewed during the year include the Financial Procedure Policy and the Scheme of Delegation of Financial Powers, which lay out the framework for financial management, including financial responsibilities of the Board, Headteachers, Executives, Executive Business Manager and other staff, as well as delegated authority for spending.

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 auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 14th December 2022 and signed on the board's behalf by:



Marcus Agius CBE
Chairman of Trustees

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

**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Reach South Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Agius CBE, Chairman of Trustees	11	12
Mr D Ashton, Chief Executive Officer	17	17
Ms S Inghish, Vice Chairman of Trustees	11	12
Dr C Gentle	8	15
Ms G Beaver	9	11
Mr A Gunn	12	14
Mr M Papworth	8	12
Lady P Marland	6	6
Ms A Stevens (resigned 01/06/2022)	7	8
Mr A Newton	9	12
Ms H Tomlinson	12	14
Mr A Crossman	8	9
Mr J Thakkar (appointed on 01/06/2022)	2	2

The membership of the Board of Trustees has been stable during the 2021-22 financial year. There has been one resignation this year and one appointment. The Board has a Nominations Committee of Trustees that identifies the skills and experience required in recruiting a new Trustee, identifies potential applicants that meet the requirements and recommends an appointment to the full Board of Trustees.

**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022**

The Trust has the following six Sub-Committees to the Board of Trustees:

- Finance Sub-Committee
- Risk & Audit Sub-Committee
- Human Resources Sub-Committee
- Education Standards & Performance Sub-Committee
- Remuneration Committee
- Nominations Committee

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

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

The Remuneration Committee meets when required to consider the performance of the Chief Executive Officer and salary changes for members of the Executive Team and Headteachers.

The Board has a diverse range of skills and expertise with a number of Trustees holding a responsibility to champion an aspect of academy life. The Trust has an open and transparent process for recruiting Trustees. An external body was used to identify one suitable candidate with a strong HR background who joined the Board in June 2022. Anne Stevens announced her intention to retire as a Trustee at the end of the 2021-22 academic year in order to take up her new role as a Trust Member. Anne commenced this role in January 2022. Anne had brought significant HR expertise to the Board during her appointment. Jairaj Thakkar's technical specialist skill set in HR is a direct replacement for Anne's expertise on the Board. This has ensured a balance of expertise and experience across the Board so that it could meet all of its duties and accountabilities. The Nominations Committee drew up person specifications and job descriptions for the new role. The Trust completed the recruitment process through Nurole. A small group of Trustees and one of the Members, Anne Stevens, interviewed short-listed candidates. Following the selection process, one candidate was recommended to the Board and the Members for appointment. The Members, with effect from 1 June 2022, appointed Jairaj Thakkar, to the Board.

The Board is immensely grateful to Anne Stevens, who continued as an Advisor to the Board until the end of July 2022.

Governance Review

The Trust continues to monitor its effectiveness and has undertaken both an internal and external review of Governance during this period.

Internal Governance Review

During the period April – July 2022, The Trust reviewed and updated the key documentation relating to governance. The range of activity involved Members, Trustees and Executive Team with advice from VVV, the Trust's legal advisers, and reference to the ESFA.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022

Summary of updates:

	Document	Changes made
1	Roles and Functions Matrix	- remove functions from the Regional Board level - update the document to reflect the legislative position/ changes under the funding agreement or handbook/ best practice/ to provide more detail on areas which are of particular focus (such as safeguarding).
	a) Governance	Additional items in the Member column in part to reflect DfE policy on the Member role in ensuring effective governance -include a cross referral out to a Policy Schedule which will list the level at which a policy must be approved To include additional communications from: - the Executive to the LGB and - from the LGB to the Trust Board
	b) Finance/ Audit and Risk	Amendments in line with the Academy Trust Handbook Reduction of the role of the LGB
	c) Contracts	Removal of reference to a threshold - replaced with a cross reference to the Finance Manual/ Scheme of Delegation to avoid conflicting provisions
	d) Curriculum and standards	Items relating to attendance, pupil sessions and pupil premium impact relocated from another section
	e) SEND/ safeguarding/ behaviour/ admissions	Updated in line with requirements and best practice
	f) Complaints	Dedicated section following the removal of certain items to curriculum and standards Changes to reflect the requirements
	g) Staffing	Additional provisions relating to whistleblowing Reference to procedures set out in policies
	h) Information management and communications	Additional provisions on cyber security given increased risk Reference to Academy Trust Handbook requirements included
	i) Health and Safety	Additional references to training included
	j) Estates	Suggested increase in detail of the provisions
2	ToR for the Board	Amendments to reflect latest Charity Commission / DfE guidance and Academy Trust Handbook requirements Removal of the Regional Board Made gender neutral Re-ordered for flow of document References to Clerk changed to Governance Professional Section included on Committees including the interaction of the Trust Board with Audit and Risk Additional detail added to Code of Practice Trustee declaration updated in line with the Charities Act 2011
3	ToR for Educational Standards and Performance Committee	Amended to confirm that a majority of Trustees must be in attendance for meeting to be quorate Amended to reflect Roles and functions matrix areas which we anticipate are already being dealt with in this committee

REACH SOUTH ACADEMY TRUST
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022

4	ToR for Finance Committee	Amended to confirm that a majority of Trustees must be in attendance for meeting to be quorate Amended to reflect Roles and functions matrix (confirming role of Committee in connection with restricted funds and endowments) Removal of reference to Regional Academies budgets Remuneration Sub-Committee duties amended to bring in requirements of Academy Trust Handbook in connection with levels of executive pay
5	ToR for HR Committee	Amended to confirm that a majority of Trustees must be in attendance for meeting to be quorate Amended to reflect Roles and functions matrix (confirming obligation to set procedure for whistleblowing)
6	ToR for Risk and Audit Committee	Amended to confirm that the Chair of Trustees must not chair Committee and employees cannot be members Amended to confirm that a majority of Trustees must be in attendance for meeting to be quorate Amended to bring in line with the Academy Trust Handbook particularly with reference to financial controls, internal scrutiny and the external auditors
7	Executive Delegation	Removal of the Regional Board / Regional Academies Amended make-up of Executive Team Amended to reflect changes in Academy Trust Handbook (e.g. around levels of executive pay) Made gender neutral Updated section on Accounting Officer to reflect the Academy Trust Handbook Section included to set out role of Finance Director as Chief Financial Officer under the Academy Trust Handbook
8	LGB ToR	Removal of the Regional Board Amendments to reflect the focus on standards rather than finance Amendments to reflect the position under the Articles (the appointment of Parent Local Governors, electronic attendance and written resolutions) Additional provisions intended to improve connectivity between the layers.
9	The role of the LGB	Role of the Members updated to reflect DfE guidance Regional Director omitted Amended to reflect revised role with the budget Additional requirement included for Executive to provide support and guidance to the LGB through regular communications Reference included to a new summary report to the Trust Board prepared by the clerk following the LGB meeting.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022

External Governance Review

The External Governance review began in March 2022 and is expected to conclude in Autumn 2022. The Review has focussed on how the Trust undertakes the three core functions of school governance and how it meets the six key features of effective governance. The process has included:

- Reviewing the Trust governance documentation in order to review and form a view on the clarity of the different governance tiers.
- The National Leader of Governance attending a Trust Board meeting in July 2022 in order to observe it.
- Meetings with the Chairman of the Trust Board, the Company Secretary, the Clerk to the Trust Board, a small number of the Chairs of Governors of Local Governing Bodies and Clerks. The purpose of the meetings was to understand the clarity of the role of Local Governing Bodies from their perspective and seek constructive feedback with regards to what aspects they feel work well and any suggestions for improvements going forward.

Governance Conference

The Trust held its annual Governance Conference in March 2022, with Members, Trustees, Headteachers, Governors, Clerks and the Governance team in attendance. There were also a number of external speakers who contributed to the agenda. The agenda was diverse and included the Development of Trust Governance and Review of Reach South Governance. The Conference gave attendees the opportunity to be involved in the review of governance and put forward ideas for how the Local Governing Bodies (LGBs) can most effectively support the functioning and performance of the academy, what the LGB's need from the Trust in order to effectively carry out their role and visions on how we can ensure the LGB's have a voice within the Trust. The Trust Board operates well, with Board meetings remaining extremely effective.

There is an annual two-day Leadership Residential that will take place in October 2022, that the Chairman, CEO (also Trustee), Executive Team and Headteachers will attend. This ensures that a strong relationship is maintained between Trustees and key stakeholders.

Trustees maintain good knowledge of education, and the Educationalists meet regularly outside of the Committee meetings with the Chair of the Education Committee to ensure they are kept well informed and to plan and prioritise throughout the academic year. There have been various training opportunities for all Trustees, which has included safeguarding, admission arrangements, management accounts, the Trust's approach to tackling race equality and effective Board practice.

A Trustee Skills Audit took place in 2021 which focused on:

- Strategic Direction
- Culture, Values and Ethos
- Risk Management
- Accountability for Educational Standards and Financial Performance
- Rigorous Analysis of Data
- Financial Framework and Accountability
- Financial Management and Monitoring
- Staffing and Performance Management
- External Accountability
- Roles and Responsibilities
- Statutory and Contractual Requirements

The Skills Audit identified no gaps in expertise but is considered when recruiting new Trustees.

REACH SOUTH ACADEMY TRUST
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022

Finance Sub-Committee

The Finance Committee is a sub-committee of the main Board of Trustees, and its Chair is Dr C Gentle. Its purpose is to:

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Dr C Gentle, Chair	1	3
Mr D Ashton	3	3
Mr M Agius	2	3
Mr A Gunn	3	3
Ms H Tomlinson	3	3

Risk and Audit Sub-Committee

The Risk and Audit Committee is a sub-committee of the main Board of Trustees, and its Chair is Ms G Beaver. Its purpose is to:

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

Attendance at meetings in the year was as follows:

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

The Trust's external auditor attends the meetings of the Risk and Audit Committee, whenever the auditor or the Chair of the Committee consider it appropriate. The Trust's Accounting Officer and Chief Financial Officer routinely attend the meetings.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022

Human Resources Sub-Committee

The Human Resources Sub-Committee is a sub-committee of the main Board of Trustees, and its Chair is Mr A Gunn. Its main purpose is to:

- Consider, determine and keep under review, and develop strategies and policies for Human Resources and organisational development
- Act as an ultimate panel for dispute resolution
- Promote equality and diversity across the Trust.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Gunn, Chair	3	3
Mr D Ashton	3	3
Dr C Gentle	1	3
Ms A Stevens (resigned on 01/06/2022)	1	2
Mr A Newton	2	3
Mr J Thakkar (appointed on 01/06/2022)	1	1

During the year, Ms A Stevens resigned as a Trustee, and Mr J Thakkar was appointed.

Education Standards Sub-Committee

The Education Standards and Performance Sub-Committee is a sub-committee of the main Board of Trustees, and its Chair is Ms H Tomlinson. Its main purpose is to:

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

Trustee	Meetings attended	Out of a possible
Ms H Tomlinson, Chair	3	3
Mr A Crossman	3	3
Mr D Ashton	3	3
Mr A Newton	3	3
Ms A Stevens (resigned from this Committee in November 2021)	1	1

**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022**

REVIEW OF VALUE FOR MONEY

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

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Reach South Academy Trust for the period from 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that have been in place for the period from 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees.
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Delegation of authority and segregation of duties.
- Identification and management of risks.

**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022**

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- To appoint Kreston Reeves as internal auditor

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

- Bank and Petty Cash
- Budgets and Financial Monitoring
- Compliance
- Credit Card Review
- Expenditure
- Fixed Assets
- Governance and Regularity
- Income
- Payroll
- Strategic and Operational Review

Kreston Reeves undertook an assessment of the systems of arrangements and controls of The Academy Trust in relation to the audit areas as approved by the Risk and Audit Committee as part of the Internal Audit programme for 2021-22.

No material control issues were highlighted in the Internal Audit Report to the Risk and Audit Committee for the period ended 31 May 2022.

On a quarterly basis the auditor reports to the Board of Trustees, through the Risk and Audit Committee/Finance Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

- The work of the internal auditor
- The work of the external auditor
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Risk and Audit Committee/Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**REACH SOUTH ACADEMY TRUST
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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022**

Approved by order of the Trustees of the Board of Trustees on 14th December 2022 and signed on its behalf by:



Marcus Agius CBE
Chair of Trustees



Dean Ashton
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Reach South Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academy Trust Handbook 2021.

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



Mr D Ashton
Accounting Officer

Date: 14/12/2022

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2022**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



Mr M Agius CBE
Chair of Trustees

Date: 14/12/2022

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

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

OPINION

We have audited the financial statements of Reach South Academy Trust (the 'Academy Trust') for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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

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

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the Academy sector, control environment and the Academy Trust's performance;
- results of our enquiries of management and the Trustee board, including the committees charged with governance over the Academy Trust's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Academy Trust's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or noncompliance with laws and regulations;
- how the Academy Trust ensured it met its obligations arising from it being financed by the ESFA and other funders, and as such material compliance with these obligations is required to ensure the Academy Trust will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure;
- how the Academy Trust ensured it met its obligations to its principal regulator, the Secretary of State for Education; and
- the matters discussed among the audit engagement team and involving relevant internal Academy specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of revenue, management override of controls using manual journal entries, procurement and payroll. We identified the greatest potential for fraud as incorrect recognition of revenue and management override using manual journal entries. We have also considered the recognition of the new school joining the Trust as a significant risk, in particular the valuation of land and buildings, pension liabilities and balances on conversion.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Academy Trust operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Academies Accounts Direction, Academy Trust Handbook, UK Companies Act, tax legislation, charity law and charity SORP.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Academy Trust's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, building legislation and employment legislation.

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

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

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue, including the recognition of balances on conversion;
- enquiring of Trustees and management and those charged with governance concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of its regulators;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

USE OF OUR REPORT

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

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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



Pamela Tuckett FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

Date: 16 December 2022

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

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

In accordance with the terms of our engagement letter dated 30 March 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Reach South Academy Trust during the year 1 September 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Reach South Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Reach South Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Reach South Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF REACH SOUTH ACADEMY TRUST'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Reach South Academy Trust's funding agreement with the Secretary of State for Education dated 31 December 2018 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy Trust complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

Date: 16 December 2022

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:						
Donations and capital grants:	3					
Amounts transferred from existing Trusts		-	(675,355)	4,990,360	4,315,005	-
Other donations and capital grants		24,156	1,044,841	798,411	1,867,408	1,906,975
Other trading activities	6	422,715	-	-	422,715	394,358
Investments	7	585	-	-	585	484
Charitable activities	4	373,289	35,357,836	-	35,731,125	33,940,964
Total income		820,745	35,727,322	5,788,771	42,336,838	36,242,781
Expenditure on:						
Charitable activities	8	728,513	39,819,956	2,440,771	42,989,240	38,670,324
Total expenditure		728,513	39,819,956	2,440,771	42,989,240	38,670,324
NET INCOME/ (EXPENDITURE)		92,232	(4,092,634)	3,348,000	(652,402)	(2,427,543)
Transfers between funds	19	-	(504,199)	504,199	-	-
Net movement in funds before other recognised gains/(losses)		92,232	(4,596,833)	3,852,199	(652,402)	(2,427,543)
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	25	-	24,193,000	-	24,193,000	(2,710,000)
Net movement in funds		92,232	19,596,167	3,852,199	23,540,598	(5,137,543)

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Reconciliation of funds:					
Total funds brought forward	1,049,837	(23,755,732)	90,302,976	67,597,081	72,734,624
Net movement in funds	92,232	19,596,167	3,852,199	23,540,598	(5,137,543)
Total funds carried forward	1,142,069	(4,159,565)	94,155,175	91,137,679	67,597,081

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

The notes on pages 42 to 78 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets	15		
Tangible assets		93,324,831	90,271,041
Current assets			
Debtors	16	2,527,804	1,241,161
Cash at bank and in hand	23	4,883,591	4,771,259
		7,411,395	6,012,420
Creditors: amounts falling due within one year	17	(4,021,075)	(3,022,316)
Net current assets		3,390,320	2,990,104
Total assets less current liabilities		96,715,151	93,261,145
Creditors: amounts falling due after more than one year	18	(572,472)	(573,064)
Net assets excluding pension liability		96,142,679	92,688,081
Defined benefit pension scheme liability	25	(5,005,000)	(25,091,000)
Total net assets		91,137,679	67,597,081

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

**BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	19	94,155,175	90,302,976
Restricted income funds	19	845,435	1,335,268
Restricted funds excluding pension liability	19	95,000,610	91,638,244
Pension reserve	19	(5,005,000)	(25,091,000)
Total restricted funds	19	89,995,610	66,547,244
Unrestricted income funds	19	1,142,069	1,049,837
Total funds		91,137,679	67,597,081

The financial statements on pages 37 to 78 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Mr M Agius CBE
(Chair of Trustees)
Date: 14/12/2022

The notes on pages 42 to 78 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(1,092,880)	1,438,863
Cash flows from investing activities	22	1,205,212	(424,832)
Change in cash and cash equivalents in the year		112,332	1,014,031
Cash and cash equivalents at the beginning of the year		4,771,259	3,757,228
Cash and cash equivalents at the end of the year	23, 24	<u>4,883,591</u>	<u>4,771,259</u>

The notes on pages 42 to 78 form part of these financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Reach South Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 GOING CONCERN

The Trustees assess whether the use of Going Concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a Going Concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for at least one year from the date of authorisation for issue of the financial statements 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **Sponsorship income**

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

• **Donations**

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

• **Other income**

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

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

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

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE (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.

All resources expended are inclusive of irrecoverable VAT.

1.5 INTEREST RECEIVABLE

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

1.6 TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

1.7 TANGIBLE FIXED ASSETS

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

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Freehold property	- Land: not depreciated; Buildings: 50 years straight line
Long-term leasehold property	- Land: 125 years/lease term; Buildings: 50 years straight line
Motor vehicles	- 20% straight Line
Computer equipment	- 33% straight Line
Furniture and equipment	- 25% straight line

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. ACCOUNTING POLICIES (continued)

1.7 TANGIBLE FIXED ASSETS (CONTINUED)

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.

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

1.8 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.9 CASH AT BANK AND IN HAND

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

1.10 LIABILITIES

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

1.11 FINANCIAL INSTRUMENTS

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 OPERATING LEASES

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. ACCOUNTING POLICIES (continued)

1.13 PENSIONS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.14 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 29.

1.15 FUND ACCOUNTING

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

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

The assets and liabilities transferred from Peak Academy to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amount has been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
DONATIONS				
Transfers from existing Academy Trusts	-	(675,355)	4,990,360	4,315,005
Donations	24,156	134,424	-	158,580
Capital Grants	-	910,417	798,411	1,708,828
	<u>24,156</u>	<u>369,486</u>	<u>5,788,771</u>	<u>6,182,413</u>

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
DONATIONS				
Transfers from existing Academy Trusts	-	-	-	-
Donations	42,052	93,672	505,525	641,249
Capital Grants	-	1,265,726	-	1,265,726
	<u>42,052</u>	<u>1,359,398</u>	<u>505,525</u>	<u>1,906,975</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Education	373,289	35,014,852	35,388,141
Boarding	-	342,984	342,984
	<u>373,289</u>	<u>35,357,836</u>	<u>35,731,125</u>

REACH SOUTH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

4. INCOME FROM CHARITABLE ACTIVITIES (CONTINUED)

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Education	363,242	33,192,736	33,555,978
Boarding	-	384,986	384,986
	<u>363,242</u>	<u>33,577,722</u>	<u>33,940,964</u>

5. FUNDING FOR THE ACADEMY TRUST'S CHARITABLE ACTIVITIES

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
EDUCATION			
DFE/ESFA GRANTS			
General Annual Grant	-	26,760,275	26,760,275
OTHER DFE/ESFA GRANTS			
Pupil Premium	-	2,011,001	2,011,001
UIFSM	-	394,752	394,752
Teachers' Pension Grant	-	163,899	163,899
Connect the Classroom	-	594,785	594,785
PE and Sports Premium	-	225,072	225,072
Other DFE/ESFA Grants	-	738,672	738,672
	<u>-</u>	<u>30,888,456</u>	<u>30,888,456</u>
OTHER GOVERNMENT GRANTS			
High Needs	-	3,589,403	3,589,403
Other Government Grants	-	232,987	232,987
Nursery Funding	284,453	-	284,453
	<u>284,453</u>	<u>3,822,390</u>	<u>4,106,843</u>
Other income from the Academy Trust's education	88,836	66,548	155,384
COVID-19 ADDITIONAL FUNDING (DFE/ESFA)			
Recovery Premium	-	237,458	237,458
	<u>-</u>	<u>237,458</u>	<u>237,458</u>
	<u>373,289</u>	<u>35,014,852</u>	<u>35,388,141</u>

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FOR THE YEAR ENDED 31 AUGUST 2022

5. FUNDING FOR THE ACADEMY TRUST'S CHARITABLE ACTIVITIES (CONTINUED)

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
EDUCATION			
DFE/ESFA GRANTS			
General Annual Grant	-	25,090,122	25,090,122
OTHER DFE/ESFA GRANTS			
Pupil Premium	-	2,042,952	2,042,952
UFSM	-	418,813	418,813
Teachers' Pension Grant	-	863,549	863,549
Other Government Grants	-	812,896	812,896
	-	29,228,332	29,228,332
OTHER GOVERNMENT GRANTS			
High Needs	-	3,261,048	3,261,048
Other Government Grants	-	89,105	89,105
Nursery Funding	317,999	-	317,999
	317,999	3,350,153	3,668,152
Other income from the Academy Trust's education	45,243	86,566	131,809
COVID-19 ADDITIONAL FUNDING (DFE/ESFA)			
Catch-up Premium	-	127,560	127,560
Other DfE/ESFA COVID-19 funding	-	400,125	400,125
	-	527,685	527,685
	363,242	33,192,736	33,555,978

The academy received £127,560 of funding for catch-up premium and costs incurred in respect of this funding totalled £127,560.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Lettings	19,053	19,053	12,610
External catering	86,746	86,746	35,313
Fees received	316,916	316,916	346,435
	<u>422,715</u>	<u>422,715</u>	<u>394,358</u>

All prior year amounts relate to unrestricted funds.

7. INVESTMENT INCOME

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Bank interest	585	585	484
	<u>585</u>	<u>585</u>	<u>484</u>

All prior year amounts relate to unrestricted funds.

8. EXPENDITURE

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £
Education:				
Direct costs	20,369,248	1,627,963	1,532,573	23,529,784
Support costs	10,601,067	3,404,799	4,939,541	18,945,407
Boarding:				
Direct costs	-	-	2,162	2,162
Support costs	265,536	37,474	208,877	511,887
	<u>31,235,851</u>	<u>5,070,236</u>	<u>6,683,153</u>	<u>42,989,240</u>

REACH SOUTH ACADEMY TRUST
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FOR THE YEAR ENDED 31 AUGUST 2022

8. EXPENDITURE (CONTINUED)

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £
Education:				
Direct costs	18,934,923	1,572,922	1,383,101	21,890,946
Support costs	9,846,839	3,301,016	3,280,044	16,427,899
Boarding:				
Direct costs	-	-	1,668	1,668
Support costs	299,063	27,217	23,531	349,811
	<u>29,080,825</u>	<u>4,901,155</u>	<u>4,688,344</u>	<u>38,670,324</u>

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Education	23,529,784	18,945,407	42,475,191
Boarding	2,162	511,887	514,049
	<u>23,531,946</u>	<u>19,457,294</u>	<u>42,989,240</u>

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Education	21,890,946	16,427,899	38,318,845
Boarding	1,668	349,811	351,479
	<u>21,892,614</u>	<u>16,777,710</u>	<u>38,670,324</u>

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9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF SUPPORT COSTS

	Education 2022 £	Boarding 2022 £	Total funds 2022 £
Staff costs	10,181,797	448,618	10,630,415
Depreciation	812,808	-	812,808
Staff development	183,854	344	184,198
Other costs	46,868	-	46,868
Agency staff	271,656	-	271,656
Recruitment and support	156,220	-	156,220
Maintenance of premises and equipment	1,604,841	12,880	1,617,721
Cleaning	475,699	-	475,699
Rent and rates	341,642	2,113	343,755
Energy costs	567,680	25,917	593,597
Insurance	145,425	-	145,425
Security and transport	191,174	-	191,174
Catering	416,809	21,526	438,335
Technology costs	492,700	-	492,700
Office overheads	499,964	-	499,964
Professional services	2,497,727	489	2,498,216
Bank interest and charges	2,798	-	2,798
Legal costs - on conversion	1,600	-	1,600
Governance costs	54,145	-	54,145
	18,945,407	511,887	19,457,294

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FOR THE YEAR ENDED 31 AUGUST 2022

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF SUPPORT COSTS (continued)

	Education 2021 £	Boarding 2021 £	Total funds 2021 £
Staff costs	9,846,839	299,063	10,145,902
Depreciation	840,642	-	840,642
Staff development	163,203	-	163,203
Other costs	28,934	-	28,934
Recruitment and support	90,552	-	90,552
Maintenance of premises and equipment	797,896	12,708	810,604
Cleaning	419,342	-	419,342
Rent and rates	357,602	2,527	360,129
Energy costs	347,967	11,982	359,949
Insurance	138,539	-	138,539
Security and transport	399,028	-	399,028
Catering	337,546	16,836	354,382
Technology costs	431,433	-	431,433
Office overheads	513,647	2,379	516,026
Professional services	1,663,591	4,316	1,667,907
Bank interest and charges	2,807	-	2,807
Governance costs	48,331	-	48,331
	<u>16,427,899</u>	<u>349,811</u>	<u>16,777,710</u>

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2022 £	2021 £
Operating lease rentals	251,591	297,510
Depreciation of tangible fixed assets	2,440,771	2,413,561
Fees paid to auditors for:		
- audit	29,000	27,950
- other services	5,480	2,537
	<u>29,480</u>	<u>27,950</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

11. STAFF

a. STAFF COSTS

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	20,904,469	20,007,902
Social security costs	1,958,225	1,804,373
Pension costs	7,405,909	6,366,253
	<u>30,268,603</u>	<u>28,178,528</u>
Agency staff costs	813,832	517,071
Staff restructuring costs	153,416	385,226
	<u><u>31,235,851</u></u>	<u><u>29,080,825</u></u>

Staff restructuring costs comprise:

	2022 £	2021 £
Redundancy payments	104,539	302,345
Severance payments	48,877	82,881
	<u>153,416</u>	<u>385,226</u>

b. SPECIAL STAFF SEVERANCE PAYMENTS

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £30,742 (2021: £82,881). Individually, the payments were £2,123, £9,970, £2,312, £6,448 and £9,888 (2021: £35,061, £975, £5,345, £40,000 and £1,500).

c. STAFF NUMBERS

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

	2022 No.	2021 No.
Teachers	329	306
Educational Support	352	393
Administration and Support	163	149
Management	7	7
	<u><u>851</u></u>	<u><u>855</u></u>

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11. STAFF (CONTINUED)

d. HIGHER PAID STAFF

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

	2022 No.	2021 No.
In the band £60,001 - £70,000	6	6
In the band £70,001 - £80,000	6	7
In the band £80,001 - £90,000	3	2
In the band £90,001 - £100,000	3	3
In the band £100,001 - £110,000	2	2
In the band £160,001 - £170,000	-	1
In the band £170,001 - £180,000	1	-

e. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £765,227 (2021: £644,215).

**REACH SOUTH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

12. CENTRAL SERVICES

The Academy Trust has provided the following central services to its academies during the year:

- Financial management and planning systems
- Human Resources leadership
- ICT Leadership
- Estates strategic management, Health and Safety and capital improvement
- Events management and administration
- Governance support
- Policy development
- School Performance Management
- Risk management
- School leadership development and training
- School leadership performance management
- Liaison with regulators and policy makers (DfE, ESFA, Regional Schools' Commissioner, OFSTED, Charities Commission and Companies House)
- Liaison with trade unions
- Media and publicity management
- Crisis management

The Academy Trust charges for these services on the following basis:

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

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

The actual amounts were as follows:

	2022 £	2021 £
Drake Primary Academy	61,178	63,946
Goosewell Academy	137,813	142,294
High Street Primary Academy	40,381	44,588
Marlborough Primary Academy	46,608	48,309
Morice Town Primary Academy	62,597	64,736
Pilgrim Primary Academy	116,293	121,635
Stoke Damerel Primary Academy	108,068	113,334
Stuart Road Primary Academy	54,898	55,825
Hill View Primary Academy	166,824	169,745
Malmesbury Park Primary Academy	170,960	171,567
The Springfields Academy	214,681	215,236
Parkfield School	161,305	163,566
UTC Plymouth	214,453	127,481
Millbay Academy	262,737	329,491
TOTAL	1,818,796	1,831,753

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13. TRUSTEES' REMUNERATION AND EXPENSES

The CEO and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: D Ashton: remuneration £170,000 - £175,000 (2021: £165,000 - £170,000), Employer's pension contributions £Nil (2021: £Nil). Other related party transactions involving the Trustees are set out in note 29.

During the year, no Trustees received any benefits in kind (2021: £NIL)

During the year ended 31 August 2022, expenses totalling £929 were reimbursed or paid directly to 2 Trustees (2021: £576 to 1 Trustee).

14. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

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15. TANGIBLE FIXED ASSETS

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
COST						
At 1 September 2021	48,936,742	44,764,475	1,909,367	1,670,763	39,220	97,320,567
Additions	129,070	112,950	142,510	119,671	-	504,201
Acquired on conversion	-	4,866,000	123,543	-	817	4,990,360
At 31 August 2022	49,065,812	49,743,425	2,175,420	1,790,434	40,037	102,815,128
DEPRECIATION						
At 1 September 2021	2,389,811	2,619,524	1,207,460	806,666	26,065	7,049,526
Charge for the year	850,729	762,487	394,146	425,448	7,961	2,440,771
At 31 August 2022	3,240,540	3,382,011	1,601,606	1,232,114	34,026	9,490,297
NET BOOK VALUE						
At 31 August 2022	45,825,272	46,361,414	573,814	558,320	6,011	93,324,831
At 31 August 2021	46,546,931	42,144,951	701,907	864,097	13,155	90,271,041

Included in freehold property is land at cost of £7,300,000 (2021: £7,300,000) which is not depreciated.

The acquisition of the Leasehold Property at Peak Academy was donated to the Trust at a value of £4,866,000.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. DEBTORS

	2022 £	2021 £
DUE WITHIN ONE YEAR		
Trade debtors	152,654	131,692
Other debtors	77,812	57,000
Prepayments and accrued income	1,894,208	753,282
VAT recoverable	403,130	299,187
	<u>2,527,804</u>	<u>1,241,161</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	758,912	605,968
Other taxation and social security	506,024	446,975
Other creditors	651,494	536,518
Accruals and deferred income	2,104,645	1,432,855
	<u>4,021,075</u>	<u>3,022,316</u>

	2022 £	2021 £
DEFERRED INCOME		
Deferred income at 1 September 2021	742,758	623,045
Resources deferred during the year	724,923	742,758
Amounts released from previous periods	(742,758)	(623,045)
Deferred income at 31 August 2019	<u>724,923</u>	<u>742,758</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals, Rates Relief, Additional SEMH Funding and trips booked in advance for 2022/23.

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

	2022 £	2021 £
Other creditors	<u>572,472</u>	<u>573,064</u>

Included within other creditors falling due after more than one year are amounts of £521,880 and £50,000 (2021: £521,880 and £50,000) owed to the ESFA relating to deficits brought in on transfer and conversion in the year ending 31 August 2019 for Parkfield School and UTC Plymouth respectively.

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19. STATEMENT OF FUNDS

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
UNRESTRICTED FUNDS						
General Funds	1,049,837	820,745	(728,513)	-	-	1,142,069
	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	183,056	26,760,275	(26,623,994)	(253,463)	-	65,874
Bursary funding	-	8,043	(8,043)	-	-	-
High Needs	12,880	4,059,533	(3,970,146)	-	-	102,267
Pupil Premium	36,391	2,011,001	(2,034,477)	-	-	12,915
Other DfE/ ESFA	84,023	1,551,887	(1,635,910)	-	-	-
Devolved Formula Capital (DFC)	14,659	125,863	-	(54,916)	-	85,606
School Condition Allocation (SCA)	689,348	784,554	(808,358)	(195,820)	-	469,724
Other government grants	11,202	251,631	(229,066)	-	-	33,767
Other	58,955	176,426	(213,001)	-	-	22,380
Strategic School Improvement Fund (SSIF)	157,069	-	(117,971)	-	-	39,098
UIFSM	-	394,752	(394,752)	-	-	-
Teachers' Pension grant	-	163,899	(163,899)	-	-	-
Other DFE/ESFA Covid-19 funding	87,685	237,458	(311,339)	-	-	13,804
Pension reserve	(25,091,000)	(798,000)	(3,309,000)	-	24,193,000	(5,005,000)
	<u>(23,755,732)</u>	<u>35,727,322</u>	<u>(39,819,956)</u>	<u>(504,199)</u>	<u>24,193,000</u>	<u>(4,159,565)</u>

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion or from existing Trusts	87,681,298	4,990,360	(1,792,541)	-	-	90,879,117
Capital funding transferred on conversion or from existing Trusts	225,582	-	(36,954)	-	-	188,628
Fixed assets purchased from GAG	776,743	-	(201,909)	253,463	-	828,297
Devolved Formula Capital	342,078	-	(127,638)	54,916	-	269,356
School Condition Allocation	507,334	-	(74,326)	195,820	-	628,828
Other	769,941	-	(207,403)	-	-	562,538
Peak Capital Funding	-	798,411	-	-	-	798,411
	<u>90,302,976</u>	<u>5,788,771</u>	<u>(2,440,771)</u>	<u>504,199</u>	<u>-</u>	<u>94,155,175</u>
TOTAL RESTRICTED FUNDS	<u>66,547,244</u>	<u>41,516,093</u>	<u>(42,260,727)</u>	<u>-</u>	<u>24,193,000</u>	<u>89,995,610</u>
	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
TOTAL FUNDS	<u>67,597,081</u>	<u>42,336,838</u>	<u>(42,989,240)</u>	<u>-</u>	<u>24,193,000</u>	<u>91,137,679</u>

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

Restricted Funds

General Annual Grant

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

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FOR THE YEAR ENDED 31 AUGUST 2022**

19. STATEMENT OF FUNDS (CONTINUED)

High Needs

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

Pupil Premium

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

Other DfE/ESFA

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

UIFSM

This represents income for the provision of free school meals for infants;

Teachers' Pension Grant

This represents contributions to support schools with the cost of the increase in employers contributions to teachers' pensions.

Devolved Formula Capital (DFC)

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

School Condition Allocation (SCA)

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

Other government grants

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

Other

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

Strategic School Improvement Fund (SSIF)

This represents funding from the ESFA to support school improvement.

Covid-19 catch up premium

This represents financial assistance for schools and pupils as a result of Covid-19.

Other DfE/ESFA Covid-19 funding

This represents other funding related to Covid-19.

Pension reserve

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

Restricted Fixed Asset Funds

Fixed assets transferred on conversion or from existing Trusts

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

Capital funding transferred on conversion or from existing Trusts

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19. STATEMENT OF FUNDS (CONTINUED)

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

Fixed assets purchased from GAG

This represents capital expenditure using GAG funds.

Devolved Formula Capital

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

School Condition Allocation

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

Other

This represents donations received to be spent on capital assets.

Other Information

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2022.

REACH SOUTH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
UNRESTRICTED FUNDS						
General Funds	794,621	800,136	(544,920)	-	-	1,049,837
	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	(89,098)	25,090,122	(23,983,232)	(834,736)	-	183,056
High Needs	-	3,646,033	(4,011,469)	378,316	-	12,880
Pupil Premium	-	2,042,952	(1,970,389)	(36,172)	-	36,391
Other DfE/ ESFA	55,139	831,010	(794,939)	(7,187)	-	84,023
Devolved Formula Capital (DFC)	52,857	126,486	-	(164,684)	-	14,659
School Condition Allocation (SCA)	549,890	889,240	(560,855)	(188,927)	-	689,348
Other government grants	6,589	64,503	(4,386)	(55,504)	-	11,202
Other	71,132	186,727	(172,277)	(26,627)	-	58,955
Strategic School Improvement Fund (SSIF)	-	250,000	(92,931)	-	-	157,069
UIFSM	-	418,813	(418,813)	-	-	-
Teachers' Pension grant	-	863,549	(863,549)	-	-	-
Peak Capital Funding	-	127,560	(127,560)	-	-	-
Other DFE/ESFA Covid-19 funding	-	400,125	(312,440)	-	-	87,685
Pension reserve	(19,982,000)	-	(2,399,000)	-	(2,710,000)	(25,091,000)
	(19,335,491)	34,937,120	(35,711,840)	(935,521)	(2,710,000)	(23,755,732)

REACH SOUTH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

19. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion or from existing Trusts	89,583,168	-	(1,901,870)	-	-	87,681,298
Capital funding transferred on conversion or from existing Trusts	254,104	-	(36,506)	7,984	-	225,582
Fixed assets purchased from GAG	379,041	-	(138,602)	536,304	-	776,743
Devolved Formula Capital	281,261	-	(103,867)	164,684	-	342,078
School Condition Allocation	392,624	-	(74,217)	188,927	-	507,334
Other	385,296	505,525	(158,502)	37,622	-	769,941
	<u>91,275,494</u>	<u>505,525</u>	<u>(2,413,564)</u>	<u>935,521</u>	<u>-</u>	<u>90,302,976</u>
TOTAL RESTRICTED FUNDS	<u>71,940,003</u>	<u>35,442,645</u>	<u>(38,125,404)</u>	<u>-</u>	<u>(2,710,000)</u>	<u>66,547,244</u>
	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
TOTAL FUNDS	<u>72,734,624</u>	<u>36,242,781</u>	<u>(38,670,324)</u>	<u>-</u>	<u>(2,710,000)</u>	<u>67,597,081</u>

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19. STATEMENT OF FUNDS (CONTINUED)

Total funds analysis by Academy

Fund balances at 31 August 2022 were allocated as follows:

	2022 £	2021 £
Drake Primary Academy	117,139	85,051
Goosewell Primary Academy	308,373	221,803
High Street Primary Academy	169,557	118,517
Hill View Primary Academy	411,594	379,874
Malmesbury Park Primary Academy	657,043	616,834
Marlborough Primary Academy	81,521	136,473
Morice Town Primary Academy	185,729	199,586
Pilgrim Primary Academy	441,620	406,506
The Springfields Academy	56,607	291,840
Stoke Damerel Primary Academy	361,190	323,245
Stuart Road Primary Academy	19,326	56,456
Parkfield School	(286,883)	(215,884)
UTC Plymouth	(599,427)	(489,531)
Millbay Academy	(205,794)	(341,784)
Central Function	238,648	596,119
Peak Academy	31,261	-
Total before fixed asset funds and pension reserve	1,987,504	2,385,105
Restricted fixed asset fund	94,155,175	90,302,976
Pension reserve	(5,005,000)	(25,091,000)
TOTAL	91,137,679	67,597,081

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

	Deficit £
Parkfield School	(286,883)
UTC Plymouth	(576,427)
Millbay Academy	(205,794)

UTC Plymouth, Parkfield and Millbay Academy all report deficits. This is due to legacy deficit positions held at the point of joining the Trust.

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

The Trust has deficit recovery plans in place, agreed with the ESFA, for each academy. All three are expected to operate at a deficit while they undergo significant educational improvements to drive the pupil growth needed for financial stability.

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

TOTAL COST ANALYSIS BY ACADEMY

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation and pension £	Total 2022 £
Drake Primary Academy	581,502	261,621	24,067	221,373	1,088,563
Goosewell Primary Academy	1,432,404	479,355	94,669	382,475	2,388,903
High Street Primary Academy	376,292	205,401	16,546	218,983	817,222
Hill View Primary Academy	1,648,934	544,292	93,365	455,806	2,742,397
Malmesbury Park Primary Academy	2,000,414	570,164	123,128	526,264	3,219,970
Marlborough Primary Academy	407,183	260,350	15,755	200,178	883,466
Morice Town Primary Academy	672,776	195,591	47,463	264,158	1,179,988
Pilgrim Primary Academy	1,277,485	455,943	76,716	298,460	2,108,604
The Springfields Academy	3,146,845	1,161,221	115,500	891,233	5,314,799
Stoke Damerel Primary Academy	988,364	436,035	63,093	331,775	1,819,267
Stuart Road Primary Academy	568,413	191,156	30,963	225,969	1,016,501
Parkfield School	1,638,067	512,282	82,986	575,943	2,809,278
UTC Plymouth	2,007,381	611,436	117,778	922,857	3,659,452
Millbay Academy	2,177,693	1,160,117	136,355	884,167	4,358,332
Central Function	215,216	2,125,412	8,740	1,315,962	3,665,330
Peak Academy	71,279	47,877	2,104	23,135	144,395
ACADEMY TRUST	19,210,248	9,218,253	1,049,228	7,738,738	37,216,467

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

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation and pension £	Total 2021 £
Drake Primary Academy	578,426	252,779	18,102	154,136	1,003,443
Goosewell Primary Academy	1,411,474	510,065	73,480	284,309	2,279,328
High Street Primary Academy	419,879	249,762	13,579	103,634	786,854
Hill View Primary Academy	1,547,359	565,156	102,486	370,590	2,585,591
Malmesbury Park Primary Academy	1,892,179	628,040	209,226	412,916	3,142,361
Marlborough Primary Academy	386,032	264,888	10,274	137,256	798,450
Morice Town Primary Academy	663,357	215,944	18,761	190,059	1,088,121
Pilgrim Primary Academy	1,217,265	408,458	62,007	260,097	1,947,827
The Springfields Academy	2,639,395	1,429,611	100,125	601,825	4,770,956
Stoke Damerel Primary Academy	993,074	426,928	46,427	299,277	1,765,706
Stuart Road Primary Academy	524,036	170,504	32,313	185,075	911,928
Parkfield School	1,438,123	486,174	84,739	459,244	2,468,280
UTC Plymouth	1,251,498	410,135	96,526	326,582	2,084,741
Millbay Academy	2,602,368	1,676,416	177,662	785,276	5,241,722
Central Function	206,036	1,799,701	3,176	954,411	2,963,324
ACADEMY TRUST	17,770,501	9,494,561	1,048,883	5,524,687	33,838,632

**REACH SOUTH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	93,324,831	93,324,831
Current assets	1,165,070	5,415,982	830,344	7,411,396
Creditors due within one year	(23,000)	(3,998,075)	-	(4,021,075)
Creditors due in more than one year	-	(572,472)	-	(572,472)
Provisions for liabilities and charges	-	(5,005,000)	-	(5,005,000)
TOTAL	1,142,070	(4,159,565)	94,155,175	91,137,680

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	90,271,041	90,271,041
Current assets	1,049,837	4,930,648	31,935	6,012,420
Creditors due within one year	-	(3,022,316)	-	(3,022,316)
Creditors due in more than one year	-	(573,064)	-	(573,064)
Provisions for liabilities and charges	-	(25,091,000)	-	(25,091,000)
TOTAL	1,049,837	(23,755,732)	90,302,976	67,597,081

**REACH SOUTH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

21. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net expenditure for the year (as per Statement of Financial Activities)	(652,402)	(2,427,543)
ADJUSTMENTS FOR:		
Depreciation	2,440,771	2,413,561
Capital grants from DfE and other capital income	(1,708,828)	(1,015,726)
Dividends, interest and rents from investments	(585)	(484)
Defined benefit pension scheme obligation inherited	798,000	-
Defined benefit pension scheme cost less contributions payable	2,892,000	2,069,000
Defined benefit pension scheme finance cost	417,000	330,000
Increase in debtors	(1,163,998)	(148,676)
Increase in creditors	998,167	218,731
Net income on assets and liabilities from existing Trusts transferred in	(5,113,005)	-
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	<u>(1,092,880)</u>	<u>1,438,863</u>

22. CASH FLOWS FROM INVESTING ACTIVITIES

	2022 £	2021 £
Interest	585	484
Purchase of tangible fixed assets	(504,201)	(1,441,042)
Capital grants from DfE Group	1,708,828	1,015,726
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	<u>1,205,212</u>	<u>(424,832)</u>

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	<u>4,883,591</u>	<u>4,771,259</u>

**REACH SOUTH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

24. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	<u>4,771,259</u>	<u>112,332</u>	<u>4,883,591</u>

25. PENSION COMMITMENTS

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, which is managed by Devon County Council Pension Fund, Wiltshire Pension Fund and Dorset County Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £523,088 were payable to the schemes at 31 August 2022 (2021 - £592,297) and are included within creditors.

TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

25. PENSION COMMITMENTS (CONTINUED)

VALUATION OF THE TEACHERS' PENSION SCHEME

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £2,272,685 (2021 - £2,132,910).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £2,176,000 (2021 - £2,078,000), of which employer's contributions totalled £1,740,000 (2021 - £1,648,000) and employees' contributions totalled £ 436,000 (2021 - £430,000). The agreed contribution rates for future years are 15.3 per cent for employers and 5.5-12.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (CONTINUED)

PRINCIPAL ACTUARIAL ASSUMPTIONS

	2022	2021
	%	%
Rate of increase in salaries	3.81	3.68
Rate of increase for pensions in payment/inflation	3.01	2.88
Discount rate for scheme liabilities	4.25	1.65

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

	2022	2021
	Years	Years
RETIRING TODAY		
Males	21.7 - 22.1	21.9 - 23.1
Females	22.9 - 24.2	24.0 - 24.6
RETIRING IN 20 YEARS		
Males	22.6 - 23.4	22.9 - 24.4
Females	24.3 - 26.0	25.4 - 26.2

SHARE OF SCHEME ASSETS

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

	At 31	At 31 August
	August 2022	2021
	£	£
Equities	12,865,000	13,381,000
Gilts	4,986,000	4,347,000
Property	2,817,000	2,088,000
Cash and other liquid assets	234,000	211,000
Other	3,138,000	2,821,000
Total market value of assets	24,040,000	22,848,000

The actual return on scheme assets was £-1,304,000 (2021 - £3,339,000).

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25. PENSION COMMITMENTS (CONTINUED)

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

	2022	2021
	£	£
Current service cost	(4,509,000)	(3,647,000)
Past service cost	(123,000)	(70,000)
Interest income	381,000	300,000
Interest cost	(798,000)	(630,000)
Total amount recognised in the Statement of Financial Activities	(5,049,000)	(4,047,000)

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

	2022	2021
	£	£
At 1 September	47,939,000	37,842,000
Transferred in on existing Academies joining the Trust	1,389,000	-
Current service cost	4,509,000	3,647,000
Interest cost	798,000	630,000
Employee contributions	436,000	430,000
Actuarial gains	(25,497,000)	5,740,000
Benefits paid	(652,000)	(420,000)
Past service cost	123,000	70,000
At 31 August	29,045,000	47,939,000

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

	2022	2021
	£	£
Conversion of academy trusts	22,848,000	17,860,000
Transferred in on existing Academies joining the Trust	591,000	-
Interest income	381,000	300,000
Actuarial gains	(1,304,000)	3,030,000
Employer contributions	1,740,000	1,648,000
Employee contributions	436,000	430,000
Benefits paid	(652,000)	(420,000)
At 31 August	24,040,000	22,848,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

26. OPERATING LEASE COMMITMENTS

At 31 August 2022 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Amounts payable		
Not later than 1 year	254,908	218,081
Later than 1 year and not later than 5 years	599,890	357,665
Later than 5 years	222,307	151,289
	1,077,105	727,035

27. MEMBERS' LIABILITY

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

28. GENERAL INFORMATION

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

29. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

30. POST BALANCE SHEET EVENTS

Post year end the advisory board approved for Avanti Hall to join Reach South Academy Trust.

31. AGENCY ARRANGEMENTS

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

**REACH SOUTH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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32. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY TRUST

Peak Academy

	Value reported by transferring trust £	Fair value adjustments £	Transfer in recognised £
TANGIBLE FIXED ASSETS			
Long-term leasehold property	2,216,773	2,649,227	4,866,000
Furniture and equipment	123,543	-	123,543
Motor vehicles	817	-	817
CURRENT ASSETS			
Cash at bank and in hand	122,645	-	122,645
PENSIONS			
Pensions - pension scheme liabilities	(798,000)	-	(798,000)
NET ASSETS	<u>1,665,778</u>	<u>2,649,227</u>	<u>4,315,005</u>

Peak Academy joined the Trust on 1 August 2022.

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33. ACADEMY BOARDING TRADING ACCOUNT

	2022 £	2022 £	2021 £	2021 £
INCOME				
Boarding income	342,984		384,986	
INCOME		342,984		384,986
DIRECT COSTS				
Educational supplies	2,162		1,668	
SUPPORT COSTS				
Maintenance of premises and equipment	9,445		12,708	
Rent and rates	2,113		2,527	
Energy costs	25,917		11,982	
Catering	21,526		16,836	
Office overheads	3,780		2,379	
Legal and professional fees	489		4,316	
Wages and salaries	380,392		224,998	
National insurance	17,372		16,975	
Pension costs	50,853		57,477	
TOTAL SUPPORT EXPENDITURE	511,887		350,198	
TOTAL EXPENDITURE		514,049		351,866
SURPLUS / (DEFICIT) FOR THE PERIOD		(171,065)		33,120
Boarding school balances at 1 September 2021		53,749		20,629
BOARDING SCHOOL BALANCES AT 31 AUGUST 2022		(117,316)		53,749