

Company Registration Number: 07665364 (England & Wales)

AVONREACH ACADEMY TRUST

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



AVONREACH ACADEMY TRUST

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AVONREACH ACADEMY TRUST

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

Members

WDAT (The Worcester Diocesan Academies Trust)
Tom Whittingham
Suzanne Clarke
David Hemming (resigned 4 February 2018)
Natalie Breeze (appointed 27 November 2019)

Trustees

Andrew Longdon, (Chair) (Diocesan)
Rob Phillips, (Vice Chair)
Clive Corbett, (Executive Officer and Accounting Officer)
Martin Allen, (Diocesan) (Resigned 17 January 2019)
Sarah Bitcon (Resigned 17 January 2019)
Ian Cumming
Julia Dean, (Diocesan) (Resigned 17 January 2019)
Ann Derbyshire (Resigned 12 September 2019)
Heidi Fear (Resigned 17 January 2019)
Phil Hanson (Resigned 17 January 2019)
Bob Stanton
Heather Thomson (Resigned 17 January 2019)
Karen Rutter (Appointed 13 February 2019)
Mark Slater (Appointed 13 February 2019)
Noel Fowler (Appointed 12 September 2019)

Company registered number

07665364

Company name

Avonreach Academy Trust

Principal and registered office

Station Road
Persnore
Persnore
Worcestershire
WR10 2BX

AVONREACH ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2019

Advisers (continued)

Company secretary

Karen Bevan

Chief executive officer

Clive Corbett

Executive Leadership Team

Clive Corbett
Phil Hanson
Sarah Bitcon
Julia Dean
Heather Thomson
Karen Bevan
Glenn Duggan-Seville

Independent auditors

Randall & Payne LLP
Chargrove House
Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Bankers

Lloyds
PO Box 1000
BX1 1LT

Solicitors

Browne Jacobson
Victoria Square House
Victoria Square
Birmingham
B2 4BU

Surveyors

Sheppard Building and Project Consultancy
The Old Stables
Hatfield Farm
Hatfield
Worcester
WR5 2PZ

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees of Avonreach Academy Trust present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1st September 2018 to 31st August 2019. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, 'Accounting and Reporting by Charities', and the Academies Accounts Direction 2018/19 issued by the ESFA.

The principal object of the company is the advancement of education in the United Kingdom. It achieves this object principally through the operation of 4 schools in rural Worcestershire:

- Pershore High School: Co-educational 12-18yr olds.
- Cherry Orchard First School (Orchard Primary School from 1st September 2019): Co-educational 29yr olds.
- Inkberrow First School (Inkberrow Primary School from 1st September 2019): Co-educational 49yr olds.
- Norton Juxta Kempsey CE First School (Norton Juxta Kempsey Primary School from 1st September 2019): Co-educational 49yr olds.

The aim being to provide the highest standard of education and pastoral care for the community and preparing its students for life in a global society.

The Academy Trust has a roll of 1,599 in the school census return dated 3rd October 2019.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The Trustees of Avonreach Academy Trust are also the directors of the Charitable Company for the purposes of company law. The charitable company is known as Avonreach Academy Trust. Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative details above.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice the Academy Trust provides indemnity insurance to cover the liability of Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Trust.

Method of Recruitment and Appointment or Election of Trustees

The maximum number of Trustees permitted under the Trust's Articles of Association is 12 at any time. The Diocesan Board of Education is entitled to appoint up to 3 Trustees, providing that the total number of Trustees appointed does not exceed 25% of the total number of Trustees. The Executive Officer is Accounting Officer and a Trustee. At their meeting in January 2019, Members agreed to reduce the number of Trustees to 9.

AVONREACH ACADEMY TRUST

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

Trustees are appointed for a four-year period. Subject to remaining, any Trustee can be re-appointed or re-elected.

AVONREACH ACADEMY TRUST

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

Policies and Procedures Adopted for the Induction and Training of Trustees

Induction and training for Trustees will depend on their experience and/or knowledge. Trustees aim to ensure that the Board maintains the relevant skill set and an annual skills audit is undertaken to determine training needs. Where necessary, training in charity, educational, legal and financial matters will be provided. Training is tailored specifically to the needs of the individual and the Board.

All Trustees are provided with the information needed (including policies, minutes, budgets, etc.) to undertake their role.

Organisational Structure

The Board of Trustees comprises those persons appointed under the Articles of Association. The Board meets formally at least three times per year. Discussions are held and decisions are made or ratified as appropriate. Trustees delegate specific responsibilities to Committees, the activities of which are reported to and discussed at full Board meetings. The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the use of the budget, making major decisions about the strategic direction of the Trust, capital expenditure and senior staff appointments.

In 2018, the Board created a Chairs' Committee, comprising the Chair of Trustees, Chairs of the Trust Board Committees and EO, CFOO, to review progress of actions from prior Trust Board meetings and set the agenda for the following meeting, as a method of maintaining focus and driving key operational improvements. A regular communication forum, has also been implemented, chaired by Chair of Trustees and/or the EO, with Headteachers and Chairs of Governors of the MAT schools, to provide a two-way conduit between school leaders and Trust leaders.

There are three main Committees which also meet at least three times per year: finance, audit and risk; HR, pay and performance; and ethos and community. These Committees provide the opportunity for detailed discussion and policy development. Decisions reached at Committee are reported to the Board and, where necessary, interim decisions are reported to the full Board for ratification.

The Trustees are responsible for the strategic direction of the Trust and have the ultimate decision-making authority. This is exercised through the strategic planning process, undertaken by the Trust's strategy group, and setting of policy. It is managed through business planning, budget monitoring, performance management, the setting of standards and the implementation of quality management processes. In addition to the approval final budget and audited accounts and statutory policies, the Trustees have reserved the power to approve the appointment of Headteachers and approve expenditure over prescribed amounts. In addition, the CFOO and Chair of the finance, audit and risk Committee have recently established a regular cycle of meetings with Headteachers and Chairs of Governing Bodies to review and scrutinise budget management.

The governance of each of the schools is delegated to a Local Governing Body which meets at least termly, and reports are provided to and reviewed by the Board of Trustees.

Each of the Local Governing Bodies is organised as appropriate to cover:

- Finance and resources (including HR and pay)
- Teaching and learning
- Ethos and Community (NJK only)

AVONREACH ACADEMY TRUST

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

The Local Governing Bodies and their Committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members. Their activities are reported and discussed with the Trust Board on at least a termly basis.

The day to day management of each of the academies is delegated to the individual Headteachers and leadership teams at each school.

The Trust's Executive Officer is the Accounting Officer and the Director of Finance and Operations at Pershore High School is the Chief Financial Officer.

Arrangements for setting pay and remuneration of key management personnel

The executive leadership team (EO & CFOO) are the key management personnel of the Trust. Trustees are also senior management although they receive no pay or other remuneration in respect of their roles. The pay of the Headteachers is set annually. The Performance Management of the Headteachers is carried out by the Executive Officer and supported by Local Governing Bodies and a School Improvement Partner, in line with the Trust's Pay and Performance Management policy. The performance management of other leadership team members is undertaken by the individual Headteachers. The Executive Officer's performance management is undertaken by the Chair of Trustees with advice from the School Improvement Partner. All pay recommendations are reviewed and moderated by the Trust's Performance Management Review Group, comprising the Chair of Trustees, EO, Chair of finance, audit and risk Committee and CFOO and ratified by the HR, pay and performance Committee.

Trade Union Facility Time

No percentage of time spent on facility time to report as none requested during the period.

Related Parties and Other Connected Charities and Organisations

There are some related party relationships which are acknowledged at the Trustees' meetings through the pecuniary interest forms, and any financial transactions are disclosed in the notes to the accounts. Pershore High School has a trading company, and this is a wholly owned subsidiary of the Academy. The trading company accounts are consolidated with Avonreach Academy Trust's accounts.

Objectives and Activities

Objects and Aims

The principal object of the Trust is the advancement of education in the United Kingdom. It achieves this object principally through the operation of Pershore High School, Orchard Primary School, Inkberrow Primary School and Norton Juxta Kempsey Primary School (formally first schools). The aim being to provide the highest possible standard of education and pastoral care for the community and maximising the life chances of students with a range of different abilities.

Our Vision

For Avonreach Academy Trust to be the natural choice for parents who aspire to the best educational outcomes for their children from age 2 to 19.

AVONREACH ACADEMY TRUST

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

Our Aims

- Enable all our pupils to reach their full potential and become positive, confident and active members of the local community and today's global society (Objectives 1 and 2);
- Promote respect, responsibility and a life-long love of learning within caring, compassionate and stimulating environments (Objectives 2 and 4);
- Build a family of schools through effective collaboration and strong leadership (Objectives 3 and 5);
- Identify and manage risk (Objective 6).

We value

- Aspiration
- Collaboration
- Responsibility
- Respect
- Kindness

Avonreach Academy Trust will build, through considered and controlled growth, a family of schools that use effective collaboration to ensure ambitious outcomes are achieved for all its pupils, allowing them to reach their full potential and become positive, confident and active members of tomorrow's global society.

Schools within the Trust are encouraged to develop and flourish with their own unique ethos and identities, promoting respect, responsibility and a lifelong love of learning with caring, compassionate and stimulating environments.

The Trust's strap line is 'Collaborating for Success'.

Objectives, Strategies and Activities

An immediate activity is to return the MAT to a surplus position. Financial pressures continue to exist across the Trust due to the historical position at Pershore High School and the lagged funding arrangements linked to the change of age process in the Primary Schools. The low levels of funding generally and in Worcestershire schools particularly continue to be a concern to the Board. A robust plan for financial recovery has been developed and discussed with the Education Funding Skill Agency (ESFA) to ensure the MAT remains financially sustainable in the short term.

The strategic objectives of the Trust are outlined in the Trust's strategic development plan and summarised below:

Objective 1: Excellence in Performance and Standards

Construct and deliver a broad and balanced, high quality curriculum that gives all learners from the ages of 2 to 19 the knowledge, skills and ambition that they need to succeed in life. Ensure that the highest levels of achievement are secured for all pupils by sustaining high levels of attainment and progress for all Trust schools. Develop staff who are highly skilled, motivated, accountable, supportive, compassionate and caring.

Aim for excellence in performance and standards through:

1. A high-quality curriculum;
2. Highest levels of progress and achievement;
3. High quality professional development for all staff, which builds and improves on practice and subject knowledge.

AVONREACH ACADEMY TRUST

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

Objective 2: Excellence in the Personal Development

Ensure that all Trust schools have a culture of safeguarding that facilitates effective arrangements for keeping children safe. Ensure the highest levels of wellbeing and involvement by developing young people with increased confidence, resilience and self-esteem. Provide high quality pupil and family support. Construct and deliver a curriculum that is highly effective in preparing pupils in all schools for the future opportunities, responsibilities and experiences of life in a global society. Establish positive and respectful cultures in all Trust schools in which all feel safe and prepare learners for life as active citizens of the future in modern Britain and the world.

Aim for excellence in personal development through:

1. A robust culture of effective safeguarding;
2. Developing the character of pupils by helping them to discover and develop their interests and talents through a range of opportunities available to them;
3. Providing high quality pupil and family support.

Objective 3: Excellence in Leadership and Governance

Ensure that all leaders and Trust Members and Trustees are clear in their roles and responsibilities, so that they fulfil their statutory duties. All should have a clear vision for providing high-quality and inclusive education through strong, shared values, policies and practice. Create a strong infrastructure within the Multi Academy Trust to support a highly collaborative family of schools that are recognised as centres of excellence for teaching and learning, governance and leadership.

Aim for excellence in leadership and governance through:

1. A robust culture and administration of safeguarding;
2. A clear definition and understanding of roles and responsibilities;
3. A clear and ambitious vision for providing high quality, inclusive education and training for all.

Objective 4: Excellence in Stakeholder Engagement

Ensure that all leaders engage fully with members of the local community. Build strong relationships and close collaboration between Trust and non-Trust schools to share best practice.

Aim for excellence in stakeholder engagement through:

1. Fostering and establishing closer working relationships with internal and external stakeholders;
2. Establish opportunities for considered and mutually beneficial growth.

Objective 5: Excellence in Central Business Services

Ensure that the Trust has business arrangements that are efficient and effective to enable it to deliver on its commitment to grow, prosper and deliver value for money across all its operations.

Aim for excellence in central business services through:

1. Robust financial management and reporting systems;
2. Effective procurement to evidence value for money;
3. Exploration of opportunities for income generation.

Objective 6: Identify and Manage Risk

Aim for excellence in risk management through:

1. Calibrating an attitude to risk in key areas;
2. Continuing to develop effective mechanisms for the timely identification of potential risk;
3. Formulate effective systems of risk management.

Public Benefit

In setting the objectives, the Trustees have considered the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The Trust provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interests of improving life in the local community.

AVONREACH ACADEMY TRUST

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

Strategic report

Achievements and Performance

Avonreach Academy Trust can reflect upon a year of positive outcomes for its pupils as highlighted below. With the support of a School improvement Partner and the Executive Officer, significant progress has also been made in cross-trust subject working and the development of a vibrant Upper Key Stage 2 curriculum, as well as preparations for how this will ultimately contribute to a Year 7 curriculum in the high school. 2018-19 was the academic year in which the Trust was given permission for its first schools to become primaries (from September 2019) and for Pershore High School to take Year 7 pupils for the first time in September 2021. A great deal of attention has been paid within Trust primary schools to the personal development and leadership opportunities afforded to Year 5 and 6 pupils.

Curriculum development is well underway. The Intent/Implement/Impact approach in the new OFSTED framework is already being embedded in the primary schools and is helping to focus on developments. The involvement of the School Improvement Partner has been vital to this, providing tools against which to evaluate the curriculum and focus upon knowledge acquisition as well as skills development. Curricular have been revised considering changes to the OFSTED framework and to bring about improvements in pupil vocabulary.

Curriculum documentation includes Curriculum Guidance, Curriculum Intent, Long term Curriculum Planning (including six vertical drivers' common to all Trust primaries), Curriculum Fact Sheets, values and vision, non-negotiables (including marking). Topic Development is spreading across History, Science, Art and Design, D&T, and Computing.

Collaboration between schools in the MAT is going well. Real detail has come together on the Year 5 Curriculum. Year 6 will be at a headline level at the end of this academic year. Future work with School Improvement Advisor is planned for 2019-20.

AVONREACH ACADEMY TRUST

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

2019 Outcomes:

Pershore High School:

	2019 (provisional)	2018
GCSE Grade 4+ (Eng + Ma)	71.36%	63.49%
GCSE Grade 5+ (Eng & Ma)	44.55%	38.62%
EBacc Standard Pass (Entry)	72.55%	57.53%
EBacc Strong Pass (Entry)	49.02%	32.88%
Attainment 8	49.2	46.43
Progress 8	+0.2	-0.03
A level (A*-E)	98.52%	99.64%
A level (A*-C)	79.80%	73.48%
A level (A*-B)	53.20%	51.61%
A level (A*-A)	26.11%	26.52%
Progress Score	+0.28	+0.01
Average Points	36.13	31.4
Average Grade	B-	C
ALPS	3	5

Primary School Outcomes:

EYFS:

	COFS	IFS	NJK
Pupils	28	26	29
Development - expected level or exceeding	71%	81%	86%
National	72%	72%	72%
Phonics, Yr1	93%	100%	90%

KS1:

	COFS	IFS	NJK
Pupils	30	28	35
Reading - Expected Standard	80	78	74
Reading - Greater Depth	23	33	17
Writing - Expected Standard	83	78	74
Writing - Greater Depth	23	18	6
Maths - Expected Standard	87	82	80
Maths - Greater Depth	20	33	11

Year 4:

	COFS	IFS	NJK
Reading	65%	93%	65%
Writing	62%	83%	74%
Maths	84%	93%	57%

AVONREACH ACADEMY TRUST

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

Key Performance Indicators

The Trust uses the progress of students at Key Stages, GCSE and A level as the main KPIs for the delivery of its primary objective, together with retaining or improving on its Ofsted and internal assessments.

The following are the Key Performance Indicators/Targets that have been set for future academic years. Monitoring of performance against these targets will be carried out by Local Governing Bodies at each school and the Executive Leadership Team on behalf of the Trust.

Pershore High School

	2019/20 Target
GCSE grade 4+ (Eng + Ma)	82.85%
GCSE grade 5+ (Eng & Ma)	59.83%
EBacc Standard Pass (Entry)	86.44%
EBacc Strong Pass (Entry)	72.88%
Attainment 8	53.84
Progress 8	n/a
A level (A*-E)	100%
A level (A*-C)	80%
A level (A*-B)	55%
A level (A*-A)	20%
Progress Score	+0.25
Average points	36.5
Average grade	B-
ALPS	3

Primary Schools

	COFS	IFS	NJK
Phonics	75-85%	93%	88%
KS2 - Reading – ARE	63%	93-95%	85-88%
KS2 - Reading – Greater Depth	19-22%	25-35%	22-33%
KS2 - Writing – ARE	63%	89-91%	79-82%
KS2 - Writing – Greater Depth	19-22%	19-22%	10-16%
KS2 - Maths – ARE	77%	89-94%	84-87%
KS2 - Maths – Greater Depth	20-25%	30-40%	21-30%
Yr5 - Reading – ARE	73-82%	92-96%	91-95%
Yr5 - Reading – Greater Depth	38-42%	52-59%	48-59%
Yr5 - Writing – ARE	68-86%	93-95%	95-97%
Yr5 - Writing – Greater Depth	30-35%	45-53%	45-59%
Yr5 - Maths – ARE	80-86%	94-96%	95-97%
Yr5 - Maths – Greater Depth	40-44%	48-62%	49-63%
Attendance	97.5%	97.5%	97.5%

AVONREACH ACADEMY TRUST

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

Going Concern

The Trustees of Avonreach Academy Trust strongly believe that 2019-20 is the year when the Trust will make significant strides forward. Over the first two years of the Trust's existence its work was dominated by the change of age agenda. Permission for its schools to change their age ranges was granted by the RSC Headteacher Board on 15th December 2018 and Inkberrow, Norton Juxta Kempsey and Orchard primaries came into existence in September 2019, with Pershore High School taking its first Year 7 pupils in September 2021. The performance of our four schools at Key Stages 1, 4 and 5 in 2019 was extremely encouraging and results in the setting of ambitious targets for continued success in 2020.

The membership of the Trust Board and the Trust's Membership has been radically changed over the last 12 months, with the number of Trustees being reduced to 9 with the removal of Headteachers from the Board. The quality and expertise of Trustees Members has also been significantly strengthened, especially in the areas of governance. One vacancy remains and the Board are actively seeking to recruit a person with legal and HR expertise to this post.

Prior to the formation of Avonreach Academy Trust in August 2017, the Governing Body of Pershore High School had built up financial reserves to cover a known change in local demographics. The historically low birth rate has reached its peak but is still affecting Sixth Form numbers. In addition, the lagged allocation of funding for the new, year 5 cohort in the primary schools and other unfunded cost pressures has resulted in the Trust's reserves being exhausted. The Board recognises that the financial position is a significant risk and Trustees have been in dialogue with the ESFA and have prepared a recovery plan that puts in place actions to mitigate that risk. The Trust has worked closely with the ESFA's School Resource Management Advisor (SRMA) to review and analyse costs and an action plan has been prepared to support the Trust's recovery strategy. This plan includes the significant work that has been undertaken at Pershore High School to reduce staffing costs. The pay bill for 2019-20 has been reduced considerably from the previous year.

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

AVONREACH ACADEMY TRUST

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

Financial Review

The Trust receives its income from a range of sources. The majority comes from central government in the form of recurrent grants from Education and Skills Funding Agency (ESFA). Funding is based largely on pupil numbers with an Age Weighted Pupil Unit (AWPU) allocation in line with pupil numbers recorded in the October census. These funds form the 'General Annual Grant' (GAG) and cover staffing and general running costs of the Trust. The ESFA also provide additional grants which are earmarked for specific purposes, for example, Pupil Premium, which must be used to raise attainment of disadvantaged pupils. The Trust may also receive additional grants from the Local Authority, for example, SEND funding, where the Trust fulfils responsibilities on behalf of the Local Authority in respect of its students. Other income received by the Trust includes that from parents (for trips etc.) or other third parties, for example, interest from the Trust's bankers. This income may be 'restricted' or 'unrestricted' depending on whether it comes with conditions as to its use or whether it is available for spending at the discretion of the Trustees. The key income sources for each school remains the GAG funding.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

As at 31st August 2019 fund balances were as follows:

Fund	Category	2019 £'000	2018 £'000
GAG	Restricted General Funds	(237)	(152)
Total	General Restricted Funds	(237)	(152)
Unspent capital grants	Restricted Fixed Asset Funds	302	98
Total	Spendable Funds	302	98
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	16,780	16,971
Share of LGPS deficit	Restricted Pension Reserve	(4,688)	(2,893)
Total	All funds	12,157	14,024

During the year ended 31 August 2019, total expenditure of £8,404k (2018: £8,293k) was funded by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the period (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £60k (2018: deficit of £330k). At 31 August 2019 the net book value of fixed assets was £16,780k (2018: £16,971k).

In common with all academies and local authorities, the Trust has an ongoing commitment to its share of the Local Government Pension Scheme (LGPS) deficit. Whilst this is not a conventional liability, it does need to be reflected in the accounts, although it does not need to be deducted from spendable funds. The Trust meets its obligations in respect of LGPS by paying over pension contributions due as calculated by the scheme's actuaries. As at 31st August 2019 the LGPS showed a deficit of £4,688k (2018: £2,893k).

All expenditure supports the activities of each of the schools and is monitored carefully by the Local Governing Bodies (LGB).

Salaries for leadership personnel within the Trust are benchmarked in line with those set at similar size schools within the Local Authority.

AVONREACH ACADEMY TRUST

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

Reserves Policy

The principal policy on reserves is that any accumulation of unspent GAG balances should not breach any limits set out in the Funding Agreement.

Each year the Governors and Trustees review the resource requirements and grant and other income that is forecasted for the coming year and an annual budget is formulated and approved.

Trustees recognise the need to have sufficient reserves to protect against possible reductions in future funding however, current funding levels do not allow for an accumulation of funds at this time. Indeed, reserves have been exhausted.

A Recovery Plan has been prepared to manage this short-term position with a view to working towards the aim of the Reserves Policy when pupil numbers and hence GAG funding is predicted to increase in future years.

The aim of Trustees is to accrue reserves that will enable growth and support schools within the Trust to flourish. The Trust aims to build a reserve of 3x its monthly salary bill over time. This aim will be supported through the robust management of the Trust's expenditure and value for money processes and procedures, identification and exploitation of economies of scale, and a drive towards income generation.

Investment Policy

Due to the nature and timing of receipt of funding, the Trust may at times hold cash balances surplus to its short-term requirements. Trustees are committed to ensuring that all funds under their control are managed in such a way to maximise return whilst minimising risk.

Principal Risks and Uncertainties

The Trustees and LGBs have assessed the major risks to which the company is exposed, in particular, those related to academic performance, staffing, finance, and safeguarding of pupils. The finance, audit and risk Committee review and update the risk register on a regular basis and policies and procedures have been put in place to mitigate and manage identified risks. In particular, the Trust has a suite of robust policies covering the key areas of risk, including a financial regulations manual, supported by a system of rigorous internal and external financial controls.

In common with the national picture across schools, the principal financial risk faced by the Trust is the ongoing pressure on funding resulting in budget deficits that cannot be mitigated by reserves. In Worcestershire secondary schools the issue is acute, and it remains the fact that despite the National Funding Formula, the funding level for secondary pupils in Worcestershire is less per pupil per year than in other areas within the West Midlands.

The budget and monitoring process has been strengthened to monitor and take appropriate steps to manage, in so far as is possible, the impact of this risk. The longer-term funding position improves with an increased PAN for the high school and the introduction of year 5 in the primaries from 2019 and the introduction of year 7 in the high school from 2021.

As the nature of the financial instruments dealt with by the Trust is relatively simple (bank balances, debtors and creditors), Trustees consider the associated risk in this area to be minimal.

The risk resulting from the Trust's share of the LPGS deficit is managed by following the advice of the scheme's actuaries, specifically in relation to the level of contributions payable; ensuring that annual budgets reflect the actuarial advice.

AVONREACH ACADEMY TRUST

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

Fundraising

The Trust is developing its fundraising plan setting out its aims and demonstrating how these aims link to the values of the Trust. The plan adheres to the Charities SORP and the guidance issued by the Charities Commission in relation to fundraising. In particular, the 6 principles of fundraising.

Plans for Future Periods

The vision of the Trust is to build, through considered and controlled growth, a family of schools that use effective collaboration to ensure ambitious outcomes are achieved for its pupils, allowing them to reach their full potential and become positive, confident and active members of tomorrow's global society.

To achieve this, it will continue to build upon its reputation for outstanding teaching and learning. To facilitate this, it will ensure that all pupils are able to equally access all areas of school life, including pastoral support, and that pupil voice is heard and has an impact. In addition, it will continue to ensure excellent learning through its rigorous programme of Learning Walks and formal Lesson Observations, based on the stringent Ofsted criteria.

The Trust will continue to work with other local schools, in particular, those schools aspiring or considering to joining a multi academy Trust as well as working with the DfE and the Regional Schools Commissioner.

In line with the strategic plan, the Trust Board has agreed to maintain its current establishment until the Trust has returned to surplus. This controlled approach is being taken to ensure that the Trust is in the best position to welcome new schools.

The Trust Board has been significantly re-modelled. Headteachers of our founding schools have stepped down as Trustees to focus their efforts on managing the individual schools. New and existing Trustees have significant financial expertise and prior experience of operating within Multi Academy Trusts, in one instance as a retired Headteacher of a school in a MAT and in another as an ex-Governor in a school within a MAT in another part of the country. Whilst having the Headteachers as Trustees during the creation of the MAT undoubtedly helped that process, the restructuring has resulted in a Trust Board able to take a more strategic view and oversight role.

A new Member has been appointed to the Trust and brings with her significant expertise in corporate and charity governance.

Additionally we have recruited a new Clerk to the Trust who does not hold a Clerk post at any of our schools, and this also is allowing the Trust Board to have a more balanced view and is already helping to drive collaboration in regards to Clerking activities throughout the MAT.

Finance issues have again been high on the agenda for the past year and will of course continue to be so. Major progress has been made in planning and instigating short, medium and long-term actions. Through the significant successful efforts of the CFOO and the Trustees, led by the finance, audit & risk Committee members, we are now in a position where we have greater clarity on the financial outlook for the Trust and can start to focus further on increasing collaborative work on service level agreements and bought-in services across the Trust to increase the cost savings that realised in these areas. The on-going dialogue with the SRMA will further support this aim.

The Trust Board has a vacancy remaining and is actively seeking an individual specifically with Human Resources and/or legal experience as our skills audit indicates these are areas where the current Board could be strengthened.

Funds Held as Custodian Trustee on Behalf of Others

The Trust does not hold any funds as custodian Trustee on behalf of others.

AVONREACH ACADEMY TRUST

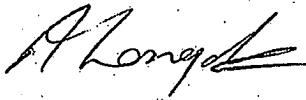
**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

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.

Trustees' report, incorporating a Strategic Report, approved by order of the Board of Trustees, as the company directors, on 12th December 2019 and signed on the board's behalf by:



**Andrew Longdon
Chair of Trustees**

AVONREACH ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Avonreach 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 Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Avonreach 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 maximum number of Trustees permitted under the Trust's Articles of Association is 12 at any time. The Diocesan Board of Education is entitled to appoint up to 3 Trustees, providing that the total number of Trustees appointed does not exceed 25% of the total number of Trustees. The Executive Officer is Accounting Officer and a Trustee. At their meeting in January 2019, members agreed to reduce the number of Trustees to 9.

There are three Committees which also meet at least three times per year: Finance, Audit & Risk, HR & Performance, and Chairs.

Each Committee has a Chair and Vice Chair who are elected each year and terms of reference are also agreed annually. Although the Chair of Trustees can be a member of the Finance, Audit & Risk Committee they are not allowed to chair it.

Each meeting is duly minuted and attendance records are kept, absence from three consecutive meetings could result in dismissal from the Trust Board. Competences of all Trustees are considered prior to inclusion onto the Trust Board, these are further scrutinised prior to acceptance onto the finance and audit Committee to ensure a thorough mix of knowledge and experience is available to give complete professional judgement on all decisions made.

AVONREACH ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

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

	Meetings attended	Out of a possible
Andrew Longdon (Chair)	7	9
Rob Phillips (Vice Chair)	8	9
Clive Corbett (Executive Officer)	9	9
Martin Allen	4	4
Sarah Bitcon	4	4
Karen Rutter	3	3
Mark Slater	3	3
Ian Cumming	6	9
Julia Dean	3	4
Ann Derbyshire	8	9
Heidi Fear	2	4
Phil Hanson	2	4
Bob Stanton	7	9
Heather Thomson	3	4
Judy Wood	4	4

The Finance, Audit & Risk Committee

The purpose of the finance, audit & risk Committee is to ensure the financial robustness of the Trust, to monitor financial performance against budget and to ensure financial propriety through the audit of the Trust's systems and controls.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
Heidi Fear (Chair until January 2019)	2	2
Sarah Bitcon	2	2
Phil Hanson	2	2
Andrew Longdon	4	5
Rob Phillips	2	2
Bob Stanton	5	5
Karen Rutter	3	3
Ian Cumming (Chair from April 2019)	3	3
Clive Corbett	4	5

AVONREACH ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

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

- Ensuring that the Trust is operating with optimal staffing levels.
- Combining roles and responsibilities of staffing upon natural wastage.
- Group tendering and economies of scale purchasing.
- Sharing staff and resources.
- Improved collaborative working via the MAT.

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 to the achievement of the 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 Avonreach Academy Trust for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees.
- Regular reviews by the finance and audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Setting targets to measure financial and other performance.
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties.
- Identification and management of risks.

Trustees have embedded a system of internal assurance through the engagement of a separate audit team.

AVONREACH ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

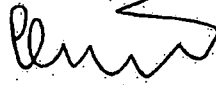
As Accounting Officer (Executive Officer) has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- Feedback from the Finance and Audit Committee.
- Feedback from the Chief Financial Officer and the Chair of the Finance and Audit Committee.
- Feedback and reports from the reviewer, as described above.
- Feedback from external advisors.

Approved by order of the members of the Board of Trustees on 12 December 2019 and signed on their behalf, by:



Andrew Longdon
Chair of Trustees



Clive Corbett
Executive Officer

AVONREACH ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Avonreach Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2019.

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.



Clive Corbett
Executive Officer

Date: 12 December 2019

AVONREACH ACADEMY TRUST

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

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

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

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

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company and the Group applies financial and other controls, which conform to 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 Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 12th December 2019 and signed on its behalf by:



Andrew Longdon
Chair of Trustees

AVONREACH ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF AVONREACH ACADEMY TRUST

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the revenue reserves of the Trust are in overall deficit as at 31st August 2019. As stated in note 1.2, these events or conditions, along with the other matters as set forth in the note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the Group's or the parent Academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter

In forming our opinion on the financial statements we have considered the adequacy of the disclosure in note 1 to the financial statements concerning the Academy's ability to continue as a going concern. The Academy has deficit reserves of £237k included within the restricted general funds (excluding pension liability and fixed assets). The financial statements do not include the adjustments which would result if the Academy was unable to continue as a going concern.

AVONREACH ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF AVONREACH ACADEMY TRUST

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the Group strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Group strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the parent Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Group 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:

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

AVONREACH ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF AVONREACH ACADEMY TRUST

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Group's and the parent Academy'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 Group or the parent Academy or to cease operations, or have no realistic alternative but to do so.

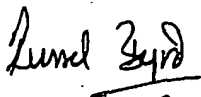
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Russel Byrd FCA FCCA (Senior statutory auditor)

for and on behalf of

Randall & Payne LLP

Chartered Accountants and Statutory Auditors

Chargrove House
Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Date: 18th December 2019

AVONREACH ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO AVONREACH ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 2 August 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Avonreach Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Avonreach Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Avonreach Academy Trust and the 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 Avonreach Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Avonreach Academy Trust's funding agreement with the Secretary of State for Education dated December 2014, and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the 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's income and expenditure.

AVONREACH ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO AVONREACH
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the course of the 2018/19 financial year, the Academy remained in overall deficit.

Randall & Payne LLP

Randall & Payne LLP

Chartered Accountants and Statutory Auditors

Chargrove House
Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Date: *18th December 2019*

AVONREACH ACADEMY TRUST

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

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	2	1	307	315	623	209
Charitable activities	3	-	7,351	-	7,351	7,195
Other trading activities	4	770	-	-	770	755
Total income		771	7,658	315	8,744	8,159
Expenditure on:						
Raising funds		366	-	-	366	343
Charitable activities		1	8,496	326	8,823	8,534
Total expenditure	5	367	8,496	326	9,189	8,877
Net income/ (expenditure) before transfers		404	(838)	(11)	(445)	(718)
Transfers between Funds	16	(404)	363	41	-	-
Net income / (expenditure) before other recognised gains and losses		-	(475)	30	(445)	(718)
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(1,421)	-	(1,421)	573
Net movement in funds		-	(1,896)	30	(1,866)	(145)
Reconciliation of funds:						
Total funds brought forward		-	(3,046)	17,069	14,023	14,168
Total funds carried forward		-	(4,942)	17,099	12,157	14,023


AVONREACH ACADEMY TRUST
REGISTERED NUMBER: 07665364

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£000	2019 £000	2018 £000
Fixed assets				
Tangible assets	13		16,780	16,970
Current assets				
Debtors	14	223		270
Cash at bank and in hand		483		190
		<u>706</u>		<u>460</u>
Creditors: amounts falling due within one year	15	(641)		(514)
Net current assets/(liabilities)			<u>65</u>	<u>(54)</u>
Total assets less current liabilities			<u>16,845</u>	<u>16,916</u>
Defined benefit pension scheme liability	20		<u>(4,688)</u>	<u>(2,893)</u>
Net assets including pension scheme liabilities			<u><u>12,157</u></u>	<u><u>14,023</u></u>
Funds of the academy				
Restricted income funds:				
Restricted income funds	16	(254)		(153)
Restricted fixed asset funds	16	17,099		17,069
		<u>16,845</u>		<u>16,916</u>
Restricted income funds excluding pension liability				
Pension reserve		<u>(4,688)</u>		<u>(2,893)</u>
Total restricted income funds			<u><u>12,157</u></u>	<u><u>14,023</u></u>
Shareholders' and Charity's funds			<u><u>12,157</u></u>	<u><u>14,023</u></u>

The financial statements on pages 28 to 56 were approved by the Trustees, and authorised for issue, on 12 December 2019 and are signed on their behalf, by:


Andrew Longdon
Chair of Trustees


Clive Corbett
Executive Officer

AVONREACH ACADEMY TRUST
REGISTERED NUMBER: 07665364

ACADEMY BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£000	2019 £000	2018 £000
Fixed assets				
Tangible assets	13		16,780	16,970
Current assets				
Debtors	14	204		239
Cash at bank		418		141
		<u>622</u>		<u>380</u>
Creditors: amounts falling due within one year	15	<u>(634)</u>		<u>(512)</u>
Net current liabilities			<u>(12)</u>	<u>(132)</u>
Total assets less current liabilities			<u>16,768</u>	<u>16,838</u>
Defined benefit pension scheme liability	20		<u>(4,688)</u>	<u>(2,893)</u>
Net assets including pension scheme liabilities			<u><u>12,080</u></u>	<u><u>13,945</u></u>
Funds of the academy				
Restricted funds:				
Restricted funds		(194)		(153)
Restricted fixed asset funds		<u>17,082</u>		<u>17,069</u>
Restricted funds excluding pension asset		<u>16,888</u>		<u>16,916</u>
Pension reserve		<u>(4,688)</u>		<u>(2,893)</u>
Total restricted funds			<u>12,200</u>	<u>14,023</u>
Unrestricted funds			<u>(120)</u>	<u>(78)</u>
Total funds			<u><u>12,080</u></u>	<u><u>13,945</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 12 December 2019 and are signed on their behalf, by:


Andrew Longdon
Chair of Trustees


Clive Corbett
Executive Officer

AVONREACH ACADEMY TRUST

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

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	115	(162)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(136)	(102)
Capital grants from DfE Group		315	277
Net cash provided by investing activities		179	175
Change in cash and cash equivalents in the year		294	13
Cash and cash equivalents brought forward		189	176
Cash and cash equivalents carried forward	19	483	189

AVONREACH ACADEMY TRUST

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

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Avonreach Academy Trust constitutes a public benefit entity as defined by FRS 102.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Academy and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Academy alone as permitted by section 408 of the Companies Act 2006.

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 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.

The Trustees have concluded that with cash reserves below the minimum targeted amount disclosed in the reserves policy, and carrying a deficit budget from 2018/19, the Trust will continue to closely monitor cash flow and use the support from the ESFA. The Academy is expected to continue as a going concern.

AVONREACH ACADEMY TRUST

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

1. Accounting policies (continued)

1.3 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

AVONREACH ACADEMY TRUST

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

1. Accounting policies (continued)

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.

Expenditure on raising funds includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Basis of consolidation

The financial statements consolidate the accounts of Avonreach Academy Trust and all of its subsidiary undertakings ('subsidiaries').

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

The income and expenditure account for the year dealt with in the accounts of the Academy was £77,000 (2018 - £118,000).

1.6 Turnover

Turnover comprises revenue recognised by the Academy in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

AVONREACH ACADEMY TRUST

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

1. Accounting policies (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	50 years
Furniture and fixtures	-	10% straight line
Computer equipment	-	33% straight line

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.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

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.

AVONREACH ACADEMY TRUST

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

1. Accounting policies (continued)

1.10 Liabilities and provisions

Liabilities and provisions 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 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement basis 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 14. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. 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 costs as detailed in note 15. 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 instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.12 Taxation

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

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

AVONREACH ACADEMY TRUST

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

1. Accounting policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to 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 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

1.15 Critical accounting estimates and areas of judgment

Estimates and judgments 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

AVONREACH ACADEMY TRUST

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

2. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	1	307	-	308	12
Capital Grants	-	-	281	281	72
Devolved formula capital	-	-	34	34	125
	<u>1</u>	<u>307</u>	<u>315</u>	<u>623</u>	<u>209</u>
<i>Total 2018</i>	<u>-</u>	<u>12</u>	<u>197</u>	<u>209</u>	

3. Funding for Academy's educational operations

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants				
General Annual Grant	-	6,679	6,679	6,633
Rates Reclaim	-	42	42	47
Pupil Premium and Service Premium	-	185	185	183
Universal Infant Free School Meals (UiFSM)	-	84	84	72
PE and Sports Grant	-	51	51	51
Other DfE and ESFA	-	82	82	25
LA - Special Educational Needs (SEN)	-	145	145	95
Other LA Revenue Grants	-	83	83	89
	<u>-</u>	<u>7,351</u>	<u>7,351</u>	<u>7,195</u>
<i>Total 2018</i>	<u>-</u>	<u>7,195</u>	<u>7,195</u>	

AVONREACH ACADEMY TRUST

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

4. Other trading activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Music Tuition	18	-	18	21
Hire of facilities	8	-	8	6
Other income	-	-	-	3
Catering income	1	-	1	14
Trading recharges	30	-	30	79
Other income	263	-	263	277
	<u>320</u>	<u>-</u>	<u>320</u>	<u>400</u>
<i>Total 2018</i>	<u>400</u>	<u>-</u>	<u>400</u>	

5. Expenditure

	Staff costs 2019 £000	Premises 2019 £000	Other costs 2019 £000	Total 2019 £000	Total 2018 £000
Expenditure on fundraising trading					
Direct costs	149	-	217	366	343
Support costs	-	-	-	-	-
Educational Operations Direct:					
Direct costs	5,413	-	624	6,037	5,765
Support costs	1,628	120	1,038	2,786	2,769
	<u>7,190</u>	<u>120</u>	<u>1,879</u>	<u>9,189</u>	<u>8,877</u>
<i>Total 2018</i>	<u>6,807</u>	<u>161</u>	<u>1,909</u>	<u>8,877</u>	

6. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total 2019 £000	Total 2018 £000
Educational Operations Direct	6,037	2,786	8,823	8,534
<i>Total 2018</i>	<u>5,765</u>	<u>2,769</u>	<u>8,534</u>	

AVONREACH ACADEMY TRUST

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

6. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational Operations Direct £000	Total 2019 £000	Total 2018 £000
Pension costs	77	77	77
Educational supplies	401	401	341
Examination fees	115	115	97
Technology costs	23	23	34
Other	2	2	1
Wages and salaries	4,366	4,366	4,170
National insurance	366	366	371
Pension cost	681	681	657
Depreciation	6	6	17
	<u>6,037</u>	<u>6,037</u>	<u>5,765</u>
At 31 August 2018	<u>5,765</u>	<u>5,765</u>	

AVONREACH ACADEMY TRUST

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

6. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational Operations Support £000	Total 2019 £000	Total 2018 £000
Staff costs	1,628	1,628	1,488
Depreciation	321	321	348
Staff expenses	1	1	-
Other staff costs	4	4	9
Insurance	67	67	58
Technology costs	93	93	159
Other	40	40	35
Maintenance of premises	62	62	85
Cleaning and caretaking	45	45	47
Rates	27	27	67
Energy	129	129	133
Security	1	1	3
Transport	32	32	37
Catering	119	119	118
Other premises costs	65	65	76
Legal & professional	125	125	88
Auditor costs	28	28	18
Subtotal	<u>2,787</u>	<u>2,787</u>	<u>2,769</u>
Other support costs	(1)	(1)	-
	<u>2,786</u>	<u>2,786</u>	<u>2,769</u>
At 31 August 2018	<u>2,769</u>	<u>2,769</u>	

7. Net income/(expenditure)

This is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets:		
- owned by the charitable group	326	365
Auditors' remuneration - audit	13	13
Auditors' remuneration - non-audit costs	12	5
Operating lease costs	<u>14</u>	<u>11</u>

AVONREACH ACADEMY TRUST

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

8. Staff costs

a. Staff costs

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	5,482	4,924
Social security costs	427	434
Operating costs of defined benefit pension schemes	1,240	1,411
	<u>7,149</u>	<u>6,769</u>
Agency staff costs	30	26
Apprenticeship Levy	11	12
	<u>7,190</u>	<u>6,807</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	88	88
Administration and support	112	113
Management	7	10
	<u>207</u>	<u>211</u>

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	0
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

3 (2018 - 3) of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2019, pension contributions for these staff amounted to £34,000 (2018 - £32,000).

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £397,358 (2018 - £342,365).

AVONREACH ACADEMY TRUST

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

9. Central services

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

- Financial Services
- Legal Services
- Procurement
- HR Support
- IT Support
- Educational Support

The Academy charges for these services on the following basis:

The central service charge is calculated based on 6% of income.

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Cherry Orchard First School	12	7
Inkberrow Academy	11	6
Norton Juxta Kempsey	11	6
Pershore High School	81	54
Total	<u>115</u>	<u>73</u>

AVONREACH ACADEMY TRUST

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

10. Trustees' remuneration and expenses

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

		2019 £000	2018 £000
Russell Dalton, Director Governor	Remuneration	-	35-40
	Pension contributions paid	-	5-10
Sarah Bitcon, Headteacher (resigned as Staff Trustee 17 January 2019)	Remuneration	20-25	55-60
	Pension contributions paid	0-5	5-10
Heather Thomson, Headteacher (resigned as Staff Trustee 17 January 2019)	Remuneration	20-25	55-60
	Pension contributions paid	0-5	5-10
Julia Dean, Headteacher (resigned as Staff Trustee 17 January 2019)	Remuneration	20-25	25-30
	Pension contributions paid	0-5	5-10
Philip Hanson, Headteacher (resigned as Staff Trustee 17 January 2019)	Remuneration	30-35	70-75
	Pension contributions paid	0-5	10-15

During the year ended 31 August 2019, no Trustees received any reimbursement of expenses (2018 - £NIL).

11. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2019 was £2,376 (2018 - £2,376).

12. Pension costs

	2019 £000	2018 £000
Interest income on pension scheme assets	85	62
Interest on pension scheme liabilities	(162)	(139)
	<u>(77)</u>	<u>(77)</u>

AVONREACH ACADEMY TRUST

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

13. Tangible fixed assets

Group	Leasehold property £000	Furniture and fixtures £000	Plant and equipment £000	Total £000
Cost				
At 1 September 2018	18,711	28	301	19,040
Additions	113	5	18	136
At 31 August 2019	18,824	33	319	19,176
Depreciation				
At 1 September 2018	1,755	14	301	2,070
Charge for the year	318	2	6	326
At 31 August 2019	2,073	16	307	2,396
Net book value				
At 31 August 2019	16,751	17	12	16,780
At 31 August 2018	16,956	14	-	16,970

Academy	Long-term leasehold property £000	Furniture and fixtures £000	Plant and equipment £000	Total £000
Cost				
At 1 September 2018	18,711	28	301	19,040
Additions	113	5	18	136
At 31 August 2019	18,824	33	319	19,176
Depreciation				
At 1 September 2018	1,755	14	301	2,070
Charge for the year	318	2	6	326
At 31 August 2019	2,073	16	307	2,396
Net book value				
At 31 August 2019	16,751	17	12	16,780
At 31 August 2018	16,956	14	-	16,970

AVONREACH ACADEMY TRUST

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

13. Tangible fixed assets (continued)

Included in long-term leasehold property is land at valuation of £2,910,700 (2018 - £2,910,700) which has not been depreciated.

The freehold of the properties are owned by both the local authority, where the Trust lease the sites on a 125 year lease for nil rental, and the Diocese, where the Trust lease the site on a 2 year lease for nil rental.

In accordance with the SORP the assets have been recognised in the academy trust's accounts, representing the 'right to use' the property.

14. Debtors

	Group		Academy	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade debtors	36	49	17	18
Other debtors	90	125	90	125
Prepayments and accrued income	97	96	97	96
	223	270	204	239

15. Creditors: Amounts falling due within one year

	Group		Academy	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade creditors	377	222	371	222
Other taxation and social security	218	213	218	213
Accruals and deferred income	46	79	45	77
	641	514	634	512

AVONREACH ACADEMY TRUST

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

16. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
General Funds - all funds	-	771	(367)	(404)	-	-
Restricted funds						
GAG	(153)	6,721	(7,185)	363	-	(254)
Other DfE/ESFA Grants	-	132	(132)	-	-	-
Pupil Premium	-	185	(185)	-	-	-
SEN	-	145	(145)	-	-	-
Donations	-	223	(223)	-	-	-
UIFSM	-	84	(84)	-	-	-
NEF	-	83	(83)	-	-	-
Pension reserve	(2,893)	85	(459)	-	(1,421)	(4,688)
	<u>(3,046)</u>	<u>7,658</u>	<u>(8,496)</u>	<u>363</u>	<u>(1,421)</u>	<u>(4,942)</u>
Restricted fixed asset funds						
Fixed Assets	16,971	-	(326)	152	-	16,797
Capital Grants	72	281	-	(111)	-	242
Devolved Formula Capital	26	34	-	-	-	60
	<u>17,069</u>	<u>315</u>	<u>(326)</u>	<u>41</u>	<u>-</u>	<u>17,099</u>
Total restricted funds	<u>14,023</u>	<u>7,973</u>	<u>(8,822)</u>	<u>404</u>	<u>(1,421)</u>	<u>12,157</u>
Total of funds	<u>14,023</u>	<u>8,744</u>	<u>(9,189)</u>	<u>-</u>	<u>(1,421)</u>	<u>12,157</u>

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

The restricted general fund includes grants receivable from the EFA, DfE, local authority and other government grants to be used for the primary activity of the charitable company.

The fixed asset fund relates to the grants received and assets donated/transferred in and are held for the charitable company's primary activity.

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

AVONREACH ACADEMY TRUST

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

16. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £000	<i>Total 2018 £000</i>
Cherry Orchard First School	231	125
Inkberrow First School	10	39
Norton Juxta Kempsey School	(3)	59
Pershore High School	(507)	(322)
Avonreach Academy Trust	15	(53)
Total before fixed asset fund and pension reserve	<u>(254)</u>	<u>(152)</u>
Restricted fixed asset fund	17,099	17,069
Pension reserve	(4,688)	(2,893)
Total	<u><u>12,157</u></u>	<u><u>14,024</u></u>

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £000
Pershore High School	507
Norton Juxta Kempsey School	3

This has been due to the reduction in funding and increased costs incurred in the prior year, and this year the effects of the governor approved extensive budgetary reductions to ensure strategic financial planning has reduced the deficit incurred in year from the prior year to this.

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

A new management team has reduced the level of deficits predicted in future periods, in order to ensure positive cashflow is maintained without the need for external assistance and an overall surplus can be built up on revenue funds - both for the Academy and the Trust as a whole.

AVONREACH ACADEMY TRUST

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

16. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciat- ion £000	Total 2019 £000	Total 2018 £000
Cherry Orchard First School	585	63	50	112	810	788
Inkberrow First School	411	68	37	73	589	560
Norton Juxta Kempsey School	442	47	35	103	627	573
Pershore High School	3,965	1,114	401	484	5,964	5,922
Avonreach Academy Trust	11	-	2	372	385	92
	5,414	1,292	525	1,144	8,375	7,935

Statement of funds - prior year

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
General Funds - all funds	182	756	(365)	(573)	-	-
Restricted funds						
GAG	-	6,680	(7,402)	569	-	(153)
Other DfE/ESFA Grants	-	76	(76)	-	-	-
Pupil Premium	-	183	(183)	-	-	-
SEN	-	95	(95)	-	-	-
Donations	-	12	(12)	-	-	-
UIFSM	-	72	(72)	-	-	-
NEF	-	89	(89)	-	-	-
Pension reserve	(3,248)	-	(218)	-	573	(2,893)
	(3,248)	7,207	(8,147)	569	573	(3,046)

AVONREACH ACADEMY TRUST

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

16. Statement of funds (continued)

Restricted fixed asset funds

Fixed Assets	17,234	-	(365)	102	-	16,971
Capital Grants	-	72	-	-	-	72
Devolved Formula Capital	-	124	-	(98)	-	26
	<u>17,234</u>	<u>196</u>	<u>(365)</u>	<u>4</u>	<u>-</u>	<u>17,069</u>
Total restricted funds	<u>13,986</u>	<u>7,403</u>	<u>(8,512)</u>	<u>573</u>	<u>573</u>	<u>14,023</u>
Total of funds	<u>14,168</u>	<u>8,159</u>	<u>(8,877)</u>	<u>-</u>	<u>573</u>	<u>14,023</u>

17. Analysis of net assets between funds

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	16,779	16,779
Current assets	-	386	320	706
Creditors due within one year	-	(640)	-	(640)
Provisions for liabilities and charges	-	(4,688)	-	(4,688)
	<u>-</u>	<u>(4,942)</u>	<u>17,099</u>	<u>12,157</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	16,970	16,970
Current assets	(65)	442	99	461
Creditors due within one year	79	(594)	-	(515)
Provisions for liabilities and charges	-	(2,893)	-	(2,893)
	<u>14</u>	<u>(3,045)</u>	<u>17,069</u>	<u>14,023</u>

AVONREACH ACADEMY TRUST

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

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £000	Group 2018 £000
Net expenditure for the year (as per Statement of Financial Activities)	(445)	(718)
Adjustment for:		
Depreciation charges	327	365
Increase/ (decrease) in creditors	127	(24)
Decrease in debtors	47	274
Capital grants from DfE and other capital income	(315)	(277)
Defined benefit pension scheme finance cost	374	218
Net cash provided by/(used in) operating activities	115	(162)

19. Analysis of cash and cash equivalents

	2019 £000	Group 2018 £000
Cash in hand	483	189
Total	483	189

20. Pension commitments

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

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

Contributions amounting to £104,325 were payable to the schemes at 31 August 2019 (2018 - 100,608) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

AVONREACH ACADEMY TRUST

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

20. Pension commitments (continued)

benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £581,000 (2018 - £568,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £347,000 (2018 - £448,000), of which employer's contributions totalled £263,000 (2018 - £354,000) and employees' contributions totalled £84,000 (2018 - £94,000). The agreed contribution rates for future years are 19.2% for employers and 5.6% for employees.

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

AVONREACH ACADEMY TRUST

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

20. Pension commitments (continued)

Principal actuarial assumptions:

	2019	2018
Discount rate for scheme liabilities	1.80 %	2.80 %
Rate of increase in salaries	3.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.20 %
Inflation assumption (CPI)	2.00 %	2.10 %

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

	2019	2018
Retiring today		
Males	22.8	22.7
Females	25.8	25.7
Retiring in 20 years		
Males	25.1	24.9
Females	28.2	28.0

	At 31 August 2019 £000	At 31 August 2018 £000
Sensitivity analysis		
Discount rate +0.1%	(181)	(175)
Mortality assumption - 1 year increase	146	130
CPI rate +0.1%	185	125

The Group's share of the assets in the scheme was:

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equities	2,364	2,225
Government bonds	250	231
Corporate bonds	167	133
Property	200	136
Cash and other liquid assets	97	61
Other	257	104
Total market value of assets	3,335	2,890

The actual return on scheme assets was £132,000 (2018 - £164,000).

AVONREACH ACADEMY TRUST

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

20. Pension commitments (continued)

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

	2019 £000	2018 £000
Current service cost	(422)	(489)
Past service cost	(133)	-
Interest income	85	62
Interest cost	(162)	(139)
Admin expenses	(5)	(4)
Total	(637)	(570)
Actual return on scheme assets	132	164

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

	2019 £000	2018 £000
Opening defined benefit obligation	5,783	5,501
Current service cost	422	489
Interest cost	162	139
Employee contributions	84	94
Actuarial losses/(gains)	1,468	(470)
Benefits paid	(29)	30
Past service costs	133	-
Closing defined benefit obligation	8,023	5,783

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

	2019 £000	2018 £000
Opening fair value of scheme assets	2,890	2,253
Interest income	85	62
Actuarial losses	47	103
Employer contributions	263	354
Employee contributions	84	94
Benefits paid	(29)	30
Administration expenses	(5)	(6)
Closing fair value of scheme assets	3,335	2,890

AVONREACH ACADEMY TRUST

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

21. Operating lease commitments

At 31 August 2019 the total of the Group's future minimum lease payments under non-cancellable operating leases was:

	2019 £000	Other 2018 £000
Group and Academy		
Amounts payable:		
Within 1 year	11	11
Between 1 and 5 years	-	14
Total	11	25

22. 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.

23. 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

	2019 £000	2018 £000
Clive Corbett as EO of the Trust	12	5

The above expenditure was provided with regards to the position as EO of the Trust rather than as a Trustee.

24. Principal subsidiary

AVONREACH ACADEMY TRUST

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

**24. Principal subsidiaries (continued)
Persnore High School Trading Limited**

Subsidiary name	Persnore High School Trading Limited
Company registration number	07685911
Basis of control	Shareholders and shared directorships
Equity shareholding %	100%
Total assets as at 31 August 2019	£ 78
Total liabilities as at 31 August 2019	£ -
Total equity as at 31 August 2019	£ 78
Turnover for the year ended 31 August 2019	£ -
Expenditure for the year ended 31 August 2019	£ -
Result for the year ended 31 August 2019	£ -

Persnore High School Trading Limited, subsidiary of Avonreach Academy Trust, is exempt from the requirement of audit under s479a of the Companies Act 2006.