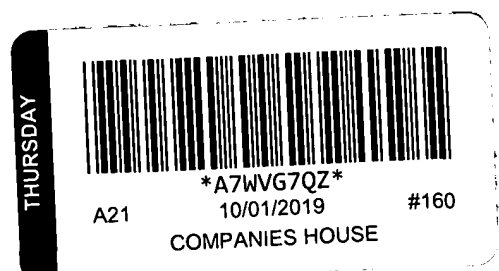


Company Registration Number: 07665364 (England & Wales)

AVONREACH.ACADEMY TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



AVONREACH ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 12
Governance statement	13 - 16
Statement on regularity, propriety and compliance	17
Statement of Trustees' responsibilities	18
Independent auditors' report on the financial statements	19 - 21
Independent reporting accountant's assurance report on regularity	22 - 23
Consolidated statement of financial activities incorporating income and expenditure account	24
Consolidated balance sheet	25
Academy balance sheet	26
Consolidated statement of cash flows	27
Notes to the financial statements	28 - 52

AVONREACH ACADEMY TRUST

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

WDAT (The Worcester Diocesan Academies Trust)
Tom Whittingham
Suzanne Clarke
David Hemming (resigned 4 February 2018)

Trustees

Andrew Longdon, (Chair) (Diocesan)
Rob Phillips, (Vice Chair)
Clive Corbett, (Executive Officer and Accounting Officer)
Martin Allen, (Diocesan)
Sarah Bitcon
Jeremy Clarke-Morris, (Co-opted) (resigned 30 January 2018)
Ian Cumming
Julia Dean, (Diocesan)
Ann Derbyshire
Heldi Fear
Phil Hanson
Bob Stanton
Heather Thomson
Judy Wood, (Co-opted)

Company registered number

07665364

Company name

Avonreach Academy Trust

Principal and registered office

Station Road
Pershore
Worcestershire
WR10 2BX

Company secretary

Karen Bevan

Chief executive officer

Clive Corbett

Executive Leadership Team

Clive Corbett
Phil Hanson
Sarah Bitcon
Julia Dean
Heather Thomson

AVONREACH ACADEMY TRUST

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditors

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

Bankers

Lloyds
PO Box 1000
BX1 1LT

Solicitors

Legal and Democratic Services
Worcestershire County Council
County Hall
Spetchley Road
Worcester
Worcestershire
WR5 2NP

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 2018

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 2017 to 31st August 2018. 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 2017/18 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 12-18 year olds
Cherry Orchard First School - Co educational 2-9 year olds
Inkberrow First School - Co educational 4-9 year olds
Norton Juxta Kempsey CE First School - Co educational 4-9 year 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 1501 in the school census on 4th October 2018.

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 charitable company is known as Avonreach Academy Trust. It changed its name from Pershore High School in 2017 to reflect the company's change in status to that of a Multi Academy Trust. Cherry Orchard First School, Inkberrow First School and Norton Juxta Kempsey First School joined the trust on 1st August 2017 on conversion to academy status.

The trustees of Avonreach Academy Trust are also the directors of the Charitable Company for the purposes of company law.

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

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

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.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

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. Members are entitled to appoint 8 trustees. Under Article 50AA, the Diocesan Board of Education is entitled to appoint up to 3 trustees, providing that the total number of trustees appointed under this Article does not exceed 25% of the total number of trustees. The Executive Officer is Accounting Officer and a trustee. Trustees can also co opt up to 2 trustees. The trust board have proposed to reduce the number of trustees on the board to 9 and this will be considered by members at their meeting in January 2019.

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and induction for trustees will depend on their prior experience and/or knowledge. Where necessary, training in charity, educational, legal and financial matters will be provided. As there are normally only one or two new trustees in a year, induction is usually carried out "in house" and is tailored specifically to the needs of the individual. In addition, external trainers may be brought in or trustees may attend external training provision as appropriate.

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.

Additionally, a Chairs committee has been formed that comprises the CEO, CFO, Chair of Trustees and Chairs of the 3 above committees to review progress of actions from prior Trust board meetings and set the agenda for the following Trust board meeting as a method of maintaining focus and driving key operational improvements during the MATs formative year. It is envisaged that if the reduction in Trustees to 9 is approved by Members in early 2019, the need for the Chairs committee may be reduced and potentially replaced with a regular meeting between the CEO and Chair of Trustees with Heads 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 and audit; 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 strategic planning 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. The trustees have reserved the power to approve the final budget and audited accounts, approve the appointment of headteachers and approve expenditure over prescribed amounts.

The governance of each of the schools is delegated to a local governing body which meets at least termly and reports are circulated and approved 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

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

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 its Chief Financial Officer.

Arrangements for setting pay and remuneration of key management personnel

The executive leadership team 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 local governing bodies supported by the Executive Officer and 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 considered and ratified by the Pay 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 were 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

Avonreach Academy Trust strives to 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 life-long love of learning with caring, compassionate and stimulating environments.

Objectives, Strategies and Activities

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, Cherry Orchard First School, Inkberrow First School and Norton Juxta Kempsey First School. 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.

The trust's strap line is '*Collaborating for Success*'.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

An immediate short term activity is to return the MAT to a surplus position. Financial pressures exist at Pershore High School, focused mainly around an adverse pupil numbers position, particularly with regard to the sixth form. Additionally, with low levels of funding generally and in Worcestershire schools particularly, a Recovery Plan has been put together to ensure the MAT remains viable during this short period.

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

- **Excellence in Leadership and Governance**

To build a strong infrastructure for the multi academy trust to support a highly collaborative family of schools. For the trust and its schools to be recognised as centres of excellence for leadership and teaching and learning. The trust also advocates highly effective family and community engagement as a powerful tool for school improvement and excellent outcomes for our pupils.

- **Excellence in the Pupil Experience**

To ensure the highest levels of wellbeing and involvement in all of our pupils. This will involve developing young people with increased confidence, resilience and self-esteem through the construction and delivery of a curriculum that is balanced, broadly based. Through this we strive to be highly effective in preparing pupils in all trust schools for future opportunities, responsibilities and experiences of life in a global society

- **Excellence in Performance and Standards**

To ensure the highest levels of achievement by raising pupil attainment and progress across all trust schools. This will be delivered by developing staff who are highly skilled, motivated, accountable, supportive, compassionate and caring.

- **Excellence in Central Business Services**

To 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 of its operations. We always seek to deliver best practice, minimise risk and manage resources in a highly effective manner.

Public Benefit

In setting the objectives, the trustees have given careful consideration to the charity commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and Performance

Key Performance Indicators (KPI)

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 school's Ofsted visits and internal assessments. Finally, the Trust uses the number of students in the MAT as a Key KPI along with the level of reserves available to continue the improvement of the sites, facilities and curriculum development.

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 and will be reported here in future additions of the Trustee's report.

Pershore High School Targets

Achievement	Aspirational Targets	Actual (provisional Sept)
Attainment 8	51.8%	46.4%
Attainment 8 (Pupil Premium)	44.6%	30.8%
4+ English and Maths	80%	63%
5+ English and Maths	58%	39%
EBacc Strong	25.8%	33%
EBacc Standard	56.6%	57%
L3VA	+0.26 to +0.53	+0.01 to +0.28
ALPS VA	1.01	0.95
ALSP Grade	3	5

Cherry Orchard First School KS1

KS1 Targets	Reading	Writing	Maths	Phonics
	ARE+			
Class	85%	82%	82%	90%
SEND	33%	33%	33%	100%
Pupil Premium	50%	50%	50%	71%

Inkberrow First School KS1

KS1 Targets	Reading	Writing	Maths	Phonics
	ARE+			
Class	82%	82%	82%	89%
SEND	33%	33%	33%	40%
Pupil Premium	0%	0%	0%	0%

AVONREACH ACADEMY TRUST

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Norton Juxta Kempsey CE First School KS1

KS1 Targets	Reading	Writing	Maths	Phonics
	ARE+			
Class	78%	70%	74%	75%
SEND	50%	50%	0%	0%
Pupil Premium	0%	0%	0%	0%

Behaviour and Safeguarding	Targets or Indicators
Attendance	98%
Exclusions	No PX. Reduced number of FTXs

Education	Targets or Indicators
First schools increasing the age range to include Years 5 and 6	Application to RSC submitted by February 2018 for decision in October 2018
High School increasing the age range to include Year 7	Application to RSC submitted by February 2018 for decision in October 2018

Leadership and Management	Targets or Indicators
Middle and Senior leaders' CPD objectives as indicated by performance management document	All CPD objectives met, whether these be preparing for promotion, broadening experience or developing skills
Trustees/governors to be fully prepared for key decision making in respect of performance management, pay and curriculum development	All trustees/governors to receive appropriate training in these areas: designated trustees/governors to take strategic lead roles

Overall Effectiveness	Targets or Indicators
Destinations	100% positive at end of year 11 and 12 (no NEETS) 80% of 6 th form leavers move to 1 st or 2 nd choice destinations
Business/Finance/VFM	Implementation of a 5 year plan, including income generation strategy.
High profile for SMSC	Increased participation in extra-curricular and community service activities
Student engagement/retention	100% positive returns on half termly individual positive contribution logs (via tutor) Increased retention at 16+
Stakeholder viewpoints	Complete full range of annual surveys and show action taken in response to key points raised. High parent/student satisfaction in key areas
2018-2023 Strategic Plan	To have achieved 2018 milestones To ensure viable resources stream to support all sections of the plan

Going Concern

Prior to the formation of Avonreach Academy Trust in August 2017, the Governing Body of Parshore High School had built up financial reserves to cover a known change in local demographics. Governors were determined to do everything possible to maintain the curriculum offer for the sake of pupils, something that can no longer be sustained. The historically low birth rate, especially in two year groups, has reached its peak but is still affecting Sixth Form numbers. These reduced pupil numbers, coupled with a significant reduction in Sixth Form funding has accounted for a loss of £400k in income. This allied to unfunded cost pressures, in relation to National Insurance, pension and staff payrises illustrates why the Trust exhausted its built up reserves.

Having recognised the financial position as being a risk, the Trustees have prepared a Recovery Plan that puts in place actions to mitigate that risk. This plan includes a detailed cashflow forecast, risk register and analysis, review of spending (including staff and other costs), benchmarking and efficiencies.

AVONREACH ACADEMY TRUST

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

The board of trustees will have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future with support from the ESFA by way of a drawdown of future funding.

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 2018

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 Educations 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 to be GAG funding, additionally Pershore High School benefits from the annual income from its trading arm.

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 2018 fund balances were as follows:

Fund	Category	2018 £'000	2017 £'000
GAG	Restricted General Funds	(152)	-
Total	General Restricted Funds	(152)	-
Unspent capital grants	Restricted Fixed Asset Funds	98	-
Other income	Unrestricted General Funds	-	182
Total	Spendable Funds	98	182
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	16,971	17,234
Share of LGPS deficit	Restricted Pension Reserve	(2,893)	(3,248)
Total	All funds	14,024	14,168

During the year ended 31 August 2018, total expenditure of £8,293k (2017: £6,538k) 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 £330k (2017: surplus of £72k). At 31 August 2018 the net book value of fixed assets was £16,971k (2017: £17,234k)

In common with all academies and local authorities, the trust has an on-going 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 2018 the LGPS showed a deficit of £2,893k (2017: £3,248k)

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 2018

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 at Pershore High School and those at Cherry Orchard First School, Inkberrow First School and Norton Juxta Kempsey First School whilst having risen slightly in the last year, are not sufficient to offset the deficit position of the High School, and hence 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 desired 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 and audit 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 on-going 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 £887 less per pupil per year than in Birmingham. The Institute for Fiscal Studies calculates that the value of funding for the nation's schools is 4% less this year than it was 3 years ago and 8% less than it was in 2010. 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. However, it is very likely that, in the short term, the trust may need to request an advance on future funding to support its cash flow. The longer term funding position improves with an increased PAN for Pershore High School from 2019. Additionally, the proposed change of age arrangements, currently being considered by the RSC, will result in increased future funding that will not be off-set by increased expenditure due to associated economies of scale.

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 2018

Fundraising

The trust is in the process of developing its fundraising plan which will set out its aims and demonstrate how these aims link to the values of the trust. The plan will ensure adherence 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 develop its growth strategy for the next three years. An atmosphere of constructivist leadership will continue to be fostered with ongoing development of the collaboration between schools in each area.

Funds held as Custodian Trustee on behalf of others

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

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 10 December 2018 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 Board of Trustees comprises a maximum of 12 trustees and 1 co opted trustee. The Executive Officer is a trustee. The full board of trustees meets at least three times a year, there is a Chair and Vice Chair who are elected each year. A Chairs' committee was also established in April 2018 to improve governance across the trust by enabling the trust board to focus fully on strategic issues.

There are three main additional sub-committees which also meet at least three times per year: Finance and audit, HR and ethos and community. Generally, each subcommittee 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 and audit 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

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 7 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)	3	7
Rob Phillips (Vice Chair)	7	7
Clive Corbett (Executive Officer)	6	7
Martin Allen	5	7
Sarah Bitcon	7	7
Jeremy Clarke-Morris	2	3
Ian Cumming	6	7
Julia Dean	7	7
Ann Derbyshire	6	7
Heidi Fear	6	7
Phil Hanson	6	7
Bob Stanton	6	7
Heather Thomson	4	7
Judy Wood	6	7

AVONREACH ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

The board of trustees is broadly unchanged, with just one resignation during the year. During its first year of operation, the board has focused on the development of the trust and, in particular, the Change of Age proposals which are due to reach decision stage in October 2018.

Finance has also been a primary focus as the trust is facing some significant challenges in this area. Following the resignation of the prior post holder in March 2018, a robust and successful recruitment process resulted in the appointment of an exceptional candidate from a strong applicant pool who took up her post in June 2018. Her remit is to develop a comprehensive recovery and strategic financial improvement plan for review and implementation by the board.

The board of trustees has recently undertaken a skills audit to identify gaps in knowledge and experience. The focus in the coming months will be to fill any identified gaps through training or new appointments to the board and its committees. A full review of governance will also be undertaken during the year.

The Finance and Audit Committee

The finance and audit committee is a sub-committee of the main board of trustees. Its purpose 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
Heldi Fear (Chair)	4	4
Sarah Bltcon	3	4
Phil Hanson	3	4
Andrew Longdon	2	4
Rob Phillips	4	4
Bob Stanton	3	4

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:

- Reducing teaching staff to a minimal level.
- 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

AVONREACH ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

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 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 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 academy 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

Traditionally, PHS as a stand alone Academy and Avonreach MAT for the first year of operation, employed a peer review process in a reciprocal arrangement with Rivers Trust. However, in the light of the deficit situation, Trustees have decided to increase the level of internal assurance by engaging a separate audit team and regular scrutiny reviews by the Finance Trustee against the risk register.

Additionally, Trustees have agreed that the CFO will join the Executive Leadership 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.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the finance and audit committee.

Approved by order of the members of the board of trustees on 18 December 2018 and signed on their behalf, by:

Andrew Longdon
Chair of Trustees



Clive Corbett
Executive Officer



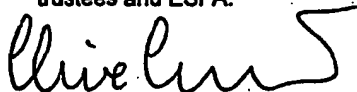
AVONREACH ACADEMY TRUST

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 2017.

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 2017.

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

18 October 2018

AVONREACH ACADEMY TRUST

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

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:

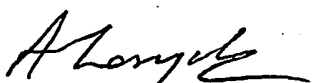
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company and the group applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 18 December 2018 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 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent Academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 2018. 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.

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.



Robert Stokes ACCA (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:

20 December 2018

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 23 August 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 6 September 2011, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 2017 to 31 August 2018 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 2017/18 financial year, the Academy entered into overall deficit.

Randall & Payne LLP

Randall & Payne LLP

Chartered Accountants and Statutory Auditors

Chargrove House
Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Date: *20 December 2018*

AVONREACH ACADEMY TRUST

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Income from:						
Donations and capital grants	2	1	12	196	209	2,168
Charitable activities	3	-	7,195	-	7,195	5,615
Other trading activities	4	755	-	-	755	761
Total income		756	7,207	196	8,159	8,544
Expenditure on:						
Raising funds		343	-	-	343	250
Charitable activities		22	8,146	365	8,533	6,938
Total expenditure	5	365	8,146	365	8,876	7,188
Net income/ (expenditure) before transfers		391	(939)	(169)	(717)	1,356
Transfers between Funds	17	(573)	569	4	-	-
Net income / (expenditure) before other recognised gains and losses		(182)	(370)	(165)	(717)	1,356
Actuarial gains on defined benefit pension schemes	21	-	573	-	573	1,744
Net movement in funds		(182)	203	(165)	(144)	3,100
Reconciliation of funds:						
Total funds brought forward		182	(3,248)	17,234	14,168	11,068
Total funds carried forward		-	(3,045)	17,069	14,024	14,168

AVONREACH ACADEMY TRUST
REGISTERED NUMBER: 07665364

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2018

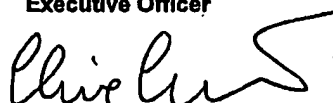
	Note	£000	2018 £000	£000	2017 £000
Fixed assets					
Tangible assets	13		16,971		17,234
Current assets					
Stocks	14	-		2	
Debtors	15	270		544	
Cash at bank and in hand		190		176	
		<u>460</u>		<u>722</u>	
Creditors: amounts falling due within one year	16	<u>(514)</u>		<u>(540)</u>	
Net current (liabilities)/assets			<u>(54)</u>		<u>182</u>
Total assets less current liabilities			<u>16,917</u>		<u>17,416</u>
Defined benefit pension scheme liability	21		<u>(2,893)</u>		<u>(3,248)</u>
Net assets including pension scheme liabilities			<u><u>14,024</u></u>		<u><u>14,168</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	17	(152)		-	
Restricted fixed asset funds	17	17,069		17,234	
		<u></u>		<u></u>	
Restricted income funds excluding pension liability		16,917		17,234	
Pension reserve		<u>(2,893)</u>		<u>(3,248)</u>	
Total restricted income funds			<u>14,024</u>		<u>13,986</u>
Unrestricted income funds	17		-		182
Shareholders' and Charity's funds			<u><u>14,024</u></u>		<u><u>14,168</u></u>

The financial statements on pages 24 to 52 were approved by the Trustees, and authorised for issue, on 18 December 2018 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 2018

	Note	£000	2018 £000	£000	2017 £000
Fixed assets					
Tangible assets	13		16,971		17,234
Current assets					
Debtors	15	316		631	
Cash at bank		141		90	
		<u>457</u>		<u>721</u>	
Creditors: amounts falling due within one year	16	<u>(512)</u>		<u>(536)</u>	
Net current (liabilities)/assets			<u>(55)</u>		<u>185</u>
Total assets less current liabilities			<u>16,916</u>		<u>17,419</u>
Defined benefit pension scheme liability	21		<u>(2,893)</u>		<u>(3,248)</u>
Net assets including pension scheme liabilities			<u><u>14,023</u></u>		<u><u>14,171</u></u>
Funds of the academy					
Restricted funds:					
Restricted funds		(153)		-	
Restricted funds - analysed	17	-		-	
Restricted fixed asset funds		17,069		17,234	
Restricted fixed asset funds - analysed	17	-		-	
		<u>16,916</u>		<u>17,234</u>	
Restricted funds excluding pension asset					
Pension reserve		<u>(2,893)</u>		<u>(3,248)</u>	
Total restricted funds			<u>14,023</u>		<u>13,986</u>
Unrestricted funds			-		185
Total funds			<u><u>14,023</u></u>		<u><u>14,171</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 18 December 2018 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 2018**

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash used in operating activities	19	(162)	(121)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(102)	(34)
Capital grants from DfE Group		277	24
Net cash provided by/(used in) investing activities		175	(10)
Change in cash and cash equivalents in the year		13	(131)
Cash and cash equivalents brought forward		176	307
Cash and cash equivalents carried forward	20	189	176

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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 depleted cash reserves this year and a deficit budget predicted for 2018/19, the Trust will need to closely monitor cashflow and obtain support from the ESFA regarding a drawdown of future funding. This can then be repaid by ensuring future budgets predict surpluses to return the Trust to a positive position. The Academy is expected to continue as a going concern.

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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 2018**

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 £78,000 (2017 - £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 2018

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 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 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.

1.10 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 2018

1. Accounting policies (continued)

1.11 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.

1.12 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 15. 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 16. 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.

1.13 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.

1.14 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 21, 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 2018

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.

1.15 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.

1.16 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 21, 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 2018. 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 2018**

2. Income from donations and capital grants

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Capital grants	1	12	72	85	-
Trust fund donations	-	-	-	-	233
Devolved formula capital	-	-	124	124	24
Trust fund donations	-	-	-	-	2,662
Pension transferred in	-	-	-	-	(751)
	<u>1</u>	<u>12</u>	<u>196</u>	<u>209</u>	<u>2,168</u>
Total 2017	<u>234</u>	<u>(751)</u>	<u>2,685</u>	<u>2,168</u>	

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant	-	6,633	6,633	5,351
Rates Reclaim	-	47	47	-
Pupil Premium and Service Premium	-	183	183	131
Universal Infant Free School Meals (UIFSM)	-	72	72	-
Insurance	-	-	-	25
PE and Sports Grant	-	51	51	-
Other DfE and ESFA	-	25	25	15
LA - Special Educational Needs (SEN)	-	95	95	93
Other LA Revenue Grants	-	89	89	-
	<u>-</u>	<u>7,195</u>	<u>7,195</u>	<u>5,615</u>
Total 2017	<u>-</u>	<u>5,615</u>	<u>5,615</u>	

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

4. Other trading activities

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Music Tuition	21	-	21	11
Hire of facilities	6	-	6	3
Other income	3	-	3	-
Catering income	14	-	14	-
Trading recharges	79	-	79	119
Other income	277	-	277	257
	<u>400</u>	<u>-</u>	<u>400</u>	<u>390</u>
Total 2017	<u>390</u>	<u>-</u>	<u>390</u>	

5. Expenditure

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Expenditure on fundraising trading	120	-	223	343	247
Educational Operations Di:					
Direct costs	5,198	-	566	5,764	5,989
Support costs	1,489	630	650	2,769	951
	<u>6,807</u>	<u>630</u>	<u>1,439</u>	<u>8,876</u>	<u>7,187</u>
Total 2017	<u>5,536</u>	<u>502</u>	<u>1,149</u>	<u>7,187</u>	

6. Analysis of expenditure by activities

	Activities undertaken directly 2018 £000	Support costs 2018 £000	Total 2018 £000	Total 2017 £000
Educational Operations Direct	5,764	2,769	8,533	6,940
Total 2017	<u>5,989</u>	<u>951</u>	<u>6,940</u>	

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational Operations Direct £000	Total 2018 £000	Total 2017 £000
Pension costs	77	77	87
Educational supplies	341	341	225
Examination fees	97	97	110
Technology costs	34	34	-
Wages and salaries	4,170	4,170	3,295
National insurance	371	371	303
Pension cost	657	657	459
Depreciation	17	17	32
	5,764	5,764	4,511
<i>At 31 August 2017</i>	4,511	4,511	

Analysis of support costs

	Educational Operations Support £000	Total 2018 £000	Total 2017 £000
Staff costs	1,488	1,488	1,470
Depreciation	348	348	310
Other staff costs	9	9	-
Insurance	58	58	52
Technology costs	159	159	117
Other	35	35	72
Maintenance of premises	85	85	115
Cleaning and caretaking	47	47	14
Rates	67	67	41
Energy	133	133	109
Security	3	3	3
Transport	37	37	38
Catering	118	118	46
Other premises costs	76	76	52
Legal & professional	88	88	65
Auditor costs	18	18	10
	2,769	2,769	2,514
<i>At 31 August 2017</i>	2,514	2,514	

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. Net income/(expenditure)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charitable group	365	341
Auditors' remuneration - audit	13	7
Auditors' remuneration - non-audit costs	5	5
Operating lease costs	11	18
	<hr/>	<hr/>

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	4,924	4,078
Social security costs	434	382
Operating costs of defined benefit pension schemes	1,411	1,036
	<u>6,769</u>	<u>5,496</u>
Agency staff costs	26	37
Apprenticeship Levy	12	3
	<u>6,807</u>	<u>5,536</u>

Staff restructuring costs comprise:

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	88	73
Administration and support	113	68
Management	10	10
	<u>211</u>	<u>151</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	1	2
In the band £100,001 - £110,000	0	1

3 (2017 - 6) of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2018, pension contributions for these staff amounted to £32,000 (2017 - £74,000). 1 (2016 - 1) other employee participated in the Local Government Pension Scheme. Pension contributions amounted to £5,000 (2017 - £8,000).

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

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. Staff costs (continued)

contributions) received by key management personnel for their services to the academy trust was £332,000 (2017 - £560,000). The movement being due to the change in structure between the SAT and MAT.

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:

	2018 £000	2017 £000
Cherry Orchard First School	7	-
Inkberrow Academy	6	-
Norton Juxta Kempsey	6	-
Pershore High School	54	-
	<hr/>	<hr/>
Total	73	-
	<hr/>	<hr/>

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. Trustees' remuneration and expenses

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

		2018 £000	2017 £000
Clive Corbett, Accounting Officer/Staff governor (Headteacher)	Remuneration	-	100-105
	Pension contributions paid	-	15-20
Russell Dalton, Director Governor	Remuneration	35-40	60-65
	Pension contributions paid	5-10	5-10
Anita Iddon, Staff Governor	Remuneration	-	20-25
	Pension contributions paid	-	0-5
Helen Airdrie, Staff Governor	Remuneration	-	25-30
	Pension contributions paid	-	0-5
Sarah Bitcon, Headteacher	Remuneration	55-60	-
	Pension contributions paid	5-10	-
Heather Thomson, Headteacher	Remuneration	55-60	-
	Pension contributions paid	5-10	-
Julia Dean, Headteacher	Remuneration	25-30	-
	Pension contributions paid	5-10	-
Philip Hanson, Headteacher	Remuneration	70-75	-
	Pension contributions paid	10-15	-

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £1,322 to 2 Trustees).

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 2018 was £2,376 (2017 - £2,376).

12. Pension costs

	2018 £000	2017 £000
Interest income on pension scheme assets	62	41
Interest on pension scheme liabilities	(139)	(128)
	<u>(77)</u>	<u>(87)</u>

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. Tangible fixed assets

Group	Leasehold property £000	Furniture and fixtures £000	Plant and equipment £000	Total £000
Cost				
At 1 September 2017	18,609	28	296	18,933
Additions	102	-	-	102
At 31 August 2018	18,711	28	296	19,035
Depreciation				
At 1 September 2017	1,409	12	278	1,699
Charge for the year	346	2	17	365
At 31 August 2018	1,755	14	295	2,064
Net book value				
At 31 August 2018	16,956	14	1	16,971
At 31 August 2017	17,200	16	18	17,234

Academy	Long-term leasehold property £000	Furniture and fixtures £000	Plant and equipment £000	Total £000
Cost				
At 1 September 2017	18,609	28	296	18,933
Additions	102	-	-	102
At 31 August 2018	18,711	28	296	19,035
Depreciation				
At 1 September 2017	1,409	12	278	1,699
Charge for the year	346	2	17	365
At 31 August 2018	1,755	14	295	2,064
Net book value				
At 31 August 2018	16,956	14	1	16,971
At 31 August 2017	17,200	16	18	17,234

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. Tangible fixed assets (continued)

Included in long-term leasehold property is land at valuation of £2,910,700 (2017 - £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. Stocks

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£000	£000	£000	£000
Raw materials	-	2	-	-

15. Debtors

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£000	£000	£000	£000
Trade debtors	49	108	18	79
Amounts owed by group undertakings	-	-	78	115
Amounts owed from local authority	-	230	-	230
Other debtors	125	204	124	205
Prepayments and accrued income	96	2	96	2
	<u>270</u>	<u>544</u>	<u>316</u>	<u>631</u>

16. Creditors: Amounts falling due within one year

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£000	£000	£000	£000
Trade creditors	222	312	221	312
Other taxation and social security	213	223	213	220
Accruals and deferred income	79	5	78	4
	<u>514</u>	<u>540</u>	<u>512</u>	<u>536</u>

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. Statement of funds

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds - all funds	182	756	(365)	(573)	-	-
Restricted funds						
GAG	-	6,680	(7,401)	569	-	(152)
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)
	<u>(3,248)</u>	<u>7,207</u>	<u>(8,146)</u>	<u>569</u>	<u>573</u>	<u>(3,045)</u>
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>(8,511)</u>	<u>573</u>	<u>573</u>	<u>14,024</u>
Total of funds	<u>14,168</u>	<u>8,159</u>	<u>(8,876)</u>	<u>-</u>	<u>573</u>	<u>14,024</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 2018.

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Cherry Orchard First School	125	110
Inkberrow First School	39	34
Norton Juxta Kempsey School	59	55
Pershore High School	(322)	(17)
Avonreach Academy Trust	(53)	-
Total before fixed asset fund and pension reserve	(152)	182
Restricted fixed asset fund	17,069	17,234
Pension reserve	(2,893)	(3,999)
Total	14,024	13,417

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	322
Avonreach Academy Trust	53

This had been due to the reduction in funding and increased costs, despite governors approving appropriate and extensive budgetary reductions to ensure strategic financial planning is in place for the foreseeable future. These cuts have included a restructure of staffing and a significant reduction in resources. A major decision to reduce the size of the Leadership Team, in the short term, was taken. As the Headteacher retired at the end of the 16/17 academic year it allowed for substantial reduction in expenditure on salaries.

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

A new management team has been looking at reducing 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 2018**

17. 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 2018 £000	Total 2017 £000
Cherry Orchard First School	552	64	46	126	788	68
Inkberrow First School	399	58	26	77	560	36
Norton Juxta Kempsey School	384	45	28	116	573	43
Pershore High School	3,851	1,169	367	535	5,922	7,040
Avonreach Academy Trust	12	12	-	68	92	-
	<u>5,198</u>	<u>1,348</u>	<u>467</u>	<u>922</u>	<u>7,935</u>	<u>7,187</u>

Statement of funds - prior year

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
General funds						
General Funds	123	994	(247)	(685)	-	185
Restricted funds						
GAG	-	5,376	(6,051)	675	-	-
Other DfE/ESFA Grants	-	15	(15)	-	-	-
Pupil Premium	-	131	(131)	-	-	-
SEN	-	93	(93)	-	-	-
Donations	-	1	(1)	-	-	-
Pension reserve	(4,034)	-	(207)	-	993	(3,248)
	<u>(4,034)</u>	<u>5,616</u>	<u>(6,498)</u>	<u>675</u>	<u>993</u>	<u>(3,248)</u>

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. Statement of funds (continued)

Restricted fixed asset funds

Fixed Assets	14,879	2,661	(341)	35	-	17,234
Devolved Formula Capital	-	25	-	(25)	-	-
	<u>14,879</u>	<u>2,686</u>	<u>(341)</u>	<u>10</u>	<u>-</u>	<u>17,234</u>
Total restricted funds	<u>10,845</u>	<u>8,302</u>	<u>(6,839)</u>	<u>685</u>	<u>993</u>	<u>13,986</u>
Total of funds	<u>10,968</u>	<u>9,296</u>	<u>(7,086)</u>	<u>-</u>	<u>993</u>	<u>14,171</u>

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers In/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds	123	1,750	(612)	(1,258)	-	3
Restricted funds						
GAG	-	12,056	(13,452)	1,244	-	(152)
Other DfE/ESFA Grants	-	91	(91)	-	-	-
Pupil Premium	-	314	(314)	-	-	-
SEN	-	188	(188)	-	-	-
Donations	-	13	(13)	-	-	-
UIFSM	-	72	(72)	-	-	-
NEF	-	89	(89)	-	-	-
Pension reserve	(4,034)	-	(425)	-	1,566	(2,893)
	<u>(4,034)</u>	<u>12,823</u>	<u>(14,644)</u>	<u>1,244</u>	<u>1,566</u>	<u>(3,045)</u>
Restricted fixed asset funds						
Fixed Assets	14,879	2,661	(706)	137	-	16,971
Capital Grants	-	72	-	-	-	72
Devolved Formula Capital	-	149	-	(123)	-	26
	<u>14,879</u>	<u>2,882</u>	<u>(706)</u>	<u>14</u>	<u>-</u>	<u>17,069</u>
	<u>10,845</u>	<u>15,705</u>	<u>(15,350)</u>	<u>1,258</u>	<u>1,566</u>	<u>14,024</u>
Total of funds	<u>10,968</u>	<u>17,455</u>	<u>(15,962)</u>	<u>-</u>	<u>1,566</u>	<u>14,027</u>

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. Analysis of net assets between funds

	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	(79)	442	99	462
Creditors due within one year	79	(594)	-	(515)
Provisions for liabilities and charges	-	(2,893)	-	(2,893)
	-	(3,045)	17,069	14,024

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	17,233	17,233
Current assets	185	541	-	723
Creditors due within one year	-	(540)	-	(540)
Provisions for liabilities and charges	-	(3,248)	-	(3,248)
	185	(3,247)	17,233	14,168

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

	Group	
	2018 £000	2017 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(717)	1,356
Adjustment for:		
Depreciation charges	365	340
Increase/(decrease) in creditors	(25)	(5)
Decrease in debtors	274	149
Capital grants from DfE and other capital income	(277)	(24)
Defined benefit pension scheme obligation inherited	-	751
Defined benefit pension scheme finance cost	218	207
Net (loss) on assets and liabilities from local authority on conversion	-	(234)
Assets transferred into Trust	-	(2,661)
Net cash used in operating activities	(162)	(121)

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

20. Analysis of cash and cash equivalents

	Group	
	2018	2017
	£000	£000
Cash in hand	189	176
Total	189	176

21. 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 £100,608 were payable to the schemes at 31 August 2018 (2017 - 101,965) 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 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

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. Pension commitments (continued)

- 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 £568,000 (2017 - £454,000).

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 a 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 2018 was £448,000 (2017 - £293,000), of which employer's contributions totalled £354,000 (2017 - £228,000) and employees' contributions totalled £94,000 (2017 - £65,000). 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.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.60 %	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.20 %

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

	2018	2017
Retiring today		
Males	22.7	22.6
Females	25.7	25.6
Retiring in 20 years		
Males	24.9	24.8
Females	28.0	27.9

	At 31 August 2018 £000	At 31 August 2017 £000
Sensitivity analysis		
Discount rate +0.1%	(175)	(139)

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. Pension commitments (continued)

Mortality assumption - 1 year increase	130	101
CPI rate +0.1%	125	143

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

	<i>Fair value at 31 August 2018 £000</i>	<i>Fair value at 31 August 2017 £000</i>
Equities	2,225	1,940
Gilts	231	-
Corporate bonds	133	117
Property	136	86
Cash and other liquid assets	61	29
Other	104	81
Total market value of assets	2,890	2,253

The actual return on scheme assets was £164,000 (2017 - £292,000).

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

	2018 £000	2017 £000
Current service cost	(489)	(344)
Interest income	62	41
Interest cost	(139)	(128)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	(2)
Admin expenses	(4)	(4)
Total	(570)	(437)
Actual return on scheme assets	164	292

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. Pension commitments (continued)

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

	2018 £000	2017 £000
Opening defined benefit obligation	5,501	5,774
Transferred in on existing academies joining the trust	-	751
Current service cost	489	344
Interest cost	139	128
Employee contributions	94	65
Actuarial gains	(470)	(1,524)
Benefits paid	30	(37)
Closing defined benefit obligation	<u>5,783</u>	<u>5,501</u>

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

	2018 £000	2017 £000
Opening fair value of scheme assets	2,253	1,740
Interest income	62	41
Actuarial losses	103	220
Employer contributions	354	228
Employee contributions	94	65
Benefits paid	30	(37)
Administration expenses	(6)	(4)
Closing fair value of scheme assets	<u>2,890</u>	<u>2,253</u>

22. Operating lease commitments

At 31 August 2018 the total of the group's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	Other 2017 £000
Group and Academy		
Amounts payable:		
Within 1 year	11	17
Between 1 and 5 years	14	25
Total	<u>25</u>	<u>42</u>

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

23. 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.

24. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

	2018	2017
	£000	£000
Clive Corbett as Headteacher of Pershore	-	1

The above expenses were provided with regards to the staff members position as a staff member rather than as a Trustee.

25. Principal subsidiary

Pershore High School Trading Limited

Subsidiary name	Pershore High School Trading Limited
Company registration number	07685911
Basis of control	Shareholders and shared directorships
Equity shareholding %	100%
Total assets as at 31 August 2018	£ 79,774
Total liabilities as at 31 August 2018	£ (79,773)
Total equity as at 31 August 2018	£ 1
Turnover for the year ended 31 August 2018	£ 398,244
Expenditure for the year ended 31 August 2018	£ (398,244)
Result for the year ended 31 August 2018	£ -