

Company Registration Number: 07665364 (England & Wales)

AVONREACH ACADEMY TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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AVONREACH ACADEMY TRUST

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AVONREACH ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Simon Barry - Member (appointed 17 December 2020)
Natalie Breeze - Member
Michael Hodges - Member (appointed 17 December 2020)
Patricia Steel - Member
The Worcester Diocesan Academies Trust - Member

Trustees

Andrew Longdon, (Chair) (Diocesan)
Rob Phillips, (Vice Chair)
Penelope Anstey
Rachel Callaghan
Clive Corbett, (Executive Officer and Accounting Officer) (resigned 28 January 2021)
Ian Cumming
Julia Hayes (resigned 4 September 2020)
Karen Rutter
Mark Slater
Bob Stanton

Company registered number

07665364

Company name

Avonreach Academy Trust

Principal and registered office

Station Road, Pershore, Worcestershire, WR10 2BX

AVONREACH ACADEMY TRUST

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Company secretary

Karen Bevan (Chief Financial and Operations Officer)

Chief executive officer

Clive Corbett (Accounting Officer)

Executive Leadership Team

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

Independent auditors

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

Bankers

Lloyds, PO Box 1000, BX1 1LT

Solicitors

Browne Jacobson, Victoria Square House, Victoria Square, Birmingham, B2 4BU

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2021

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2020 to 31 August 2021. 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, and the Statement of Recommended Practice 2019, 'Accounting and Reporting by Charities', and the Academies Accounts Direction 2020/21 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:

- Inkberrow Primary School
- Norton Juxta Kempsey Primary School
- Orchard Primary School
- Pershore High School

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

The Trust has a roll of 1790 in the school census return dated 7th October 2021.

Structure, governance and management

Constitution

The Academy is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum of Association is the primary governing document of the Academy. The trustees of Avonreach Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Avonreach Academy Trust. Details of the trustees who served during the year, and to the date these accounts are approved 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

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

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

Method of recruitment and appointment or election of Trustees

The maximum number of trustees permitted under the Trust's Articles of Association is 12 at any time. The Diocesan Board of Education is entitled to appoint up to 3 trustees, providing that the total number of trustees appointed does not exceed 25% of the total number of trustees. Trustees may appoint up to 2 trustees. All other appointments to the Board must be made by the Members.

A search group, comprising of existing Members and trustees, is formed to oversee the selection and appointment of new Members and trustees.

Trustees are appointed for a four-year period. Subject to remaining, any trustee can be reappointed or reelected.

Policies adopted for the induction and training of Trustees

Training is tailored specifically to the needs of the individual and the Board. Trustees aim to ensure that the Board maintains the relevant skill set and an annual skills audit is undertaken to determine training needs. Where necessary, training in charity, educational, legal and financial matters is provided. To support the effectiveness of the Board and to promote high standards, the Trust subscribes to the National Governance Association. Trustees, Local Governors and Clerks are encouraged to undertake all relevant training on offer.

Although it has not been possible during the pandemic, new Members and trustees are encouraged to visit all schools within the Trust and meet the Headteacher, staff and pupils.

All trustees are provided with the information needed (including policies, minutes, budgets, etc.) to undertake their role via the secure governance portal.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

Organisational structure

The Board of Trustees comprises those persons appointed under the Articles of Association. The Board meets formally at least six times per year. The Trust has arranged its business in such a way that responsibilities and lines of accountability are clearly identified. The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring financial and operational performance and making strategic decisions about the operation and management of the Trust, including making senior staff appointments.

There are two main committees of the Board which meet at regular intervals throughout the year. 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. A Pay Panel is also convened twice per year to consider pay recommendations following the performance review cycle. Other Panels and working parties, with a particular focus, are convened as necessary.

Trustees are responsible for the strategic direction of the Trust and have the ultimate decision-making authority. This is exercised through the strategic planning process, undertaken by the Trust Board, and through the setting of policy. It is managed through business planning, budget monitoring, performance management, the setting of standards and the implementation of quality management processes. In addition to the approval final budget and audited accounts and statutory policies, trustees have reserved the power to approve the appointment of Headteachers, Senior Leadership Team members, Chairs of Local Governing Boards (LGBs), and to approve expenditure over prescribed amounts.

LGBs are established in all schools. LGBs have delegated authority through the Scheme of Delegation for key aspects of the running of the schools although the Trust Board retains formal accountability for their operation and the strategic management and policies of the Trust as a whole. LGBs meet six times per year. As a Diocesan school, Norton Juxta Kempsey Primary School also operates an Ethos and Community committee that meets at least once a term.

Termly meetings between the Trust Board and Chairs of LGBs are also in place to promote and ensure effective two way communication.

The LGBs are formally constituted with terms of reference and comprise appropriately qualified and experienced members. Their activities are reported and discussed at meetings of the Trust Board.

The day to day management of the Trust is the responsibility of the Executive Officer, who is also Accounting Officer. The day to day running of each of the academies is delegated to the individual Headteachers and leadership teams at each school.

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting the pay and remuneration of the Trust's key management personnel are approved by the Trust Board. The Trust's teachers' pay policy is based on the national agreed pay scale as outlined in the School Teachers Pay and Conditions Document. The Trust adheres to local government pay arrangements for support staff and follows the local government pay scales.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

Related parties and other connected charities and organisations

Owing to the nature of the Trust's operations and its close working relationships with the local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions with such organisations are conducted at arm's length and in accordance with the Trust's financial regulations. Related party relationships are acknowledged at the trustees' meetings and through the pecuniary interest forms. 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 Trust. The trading company accounts are consolidated with the Trust's accounts.

Objectives and activities

Objects and aims

The aim of the Trust is to provide the highest possible standard of education and pastoral care for the community and to maximise the life chances of pupils with a range of different abilities. It achieves this object principally through the operation of 4 schools in Worcestershire.

Avonreach Academy Trust aims to be the natural choice for parents who aspire to the best educational outcomes for their children from age 2 to 18.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

Objectives, strategies and activities

The Trust's objectives are set out in its Articles of Association. Its principal objects are:

- advance for the public benefit education in the United Kingdom
- promote for the benefit of the inhabitants of Pershore and the surrounding area the provision of facilities for recreation or other leisure time occupation

To meet these aims, the Trust has developed its strategic plan outlining objectives to:

1. Set and achieve clear milestones of educational performance, safeguarding and personal development by:
 - a. ensuring that an appropriate level of curriculum is identified, planned, and delivered with such limitations of budget and resources that prevail;
 - b. defining and implementing the required educational standards at all levels, having due regard for both internal and external benchmarks;
 - c. continuing the development of robust safeguarding practices throughout the Trust, considering guidelines from government and its agencies;
 - d. defining and promoting a proactive culture of collaboration and cooperation across the Trust and its component membership.
2. Define and achieve requisite standards in leadership, governance and stakeholder engagement by:
 - a. identifying and specifying core determinants of leadership within the Trust and provide positive encouragement to develop and embed these across the Trust;
 - b. embedding the role of the Trust Board as 'Executive Leader' of the Trust and provide facilitating support to individual schools through clear standards of governance;
 - c. specifying and accommodating the key internal and external stakeholders of the Trust;
 - d. actively promoting the health and well-being of all staff through embedding appropriate and robust support services and strategies.
3. Secure the future growth and sustainability of the Trust through the focussed development of efficient and effective financial, operational, and shared business services and a focus on environmental sustainability across the Trust, by:
 - a. creating the roadmap for embedding a suitably experienced team to lead and further develop the strategic direction of the Trust;
 - b. embedding robust, effective, and transparent financial and risk management systems and procedures across the Trust;
 - c. exploring opportunities for the development and roll out of wider support services across the Trust, including, school improvement, governance and operational management;
 - d. developing and implementing a marketing strategy for the Trust and its member schools;
 - e. developing and implementing strategies in relation to environmental sustainability.

Public benefit

In setting objectives and planning for activities, the trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

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

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report

Achievements and performance

The Trust has returned to financial stability and met its target to return to surplus by the 31st August 2021, as agreed with the ESFA.

The schools of the Avonreach Academy Trust managed to sustain full opening during the majority of the 2020-21 academic year. Where this was not possible, high quality online provision was offered. Levels of pupil and staff attendance were high, reflecting the confidence that parents and carers had in the protocols put in place to facilitate safe learning experiences. It is agreed that it has long been time for the Trust and its schools to cast the spectre of COVID behind it. We are determined that our children should not be viewed as victims of the pandemic but rather that they flourish as creative individuals in a positive and stimulating learning environment.

To support transition across phases, given the restrictions in place in school settings during term time, the government promoted the running of 'Summer Schools' over the 2021 summer holiday period. Pershore High School operated its 5 day Summer School at the end of July. It proved to be hugely popular and was widely praised by parents and pupils involved. Staff from Pershore High School facilitated the delivery of the summer school, which included both academic and enrichment activities.

In relation to pupil performance the continuing absence of national data makes it difficult to judge progress in the usual fashion. However, end of year school data for 2021 at primary level indicates that the majority of children were sufficiently back on track to have met their original targets. GCSE and A' level results, through the Centre Assessed Grading process, also indicate good performance and the high school reported few parental appeals against the grades awarded. School reviews completed during the summer term of 2021 indicated good quality teaching and learning in the classroom that engaged children and provided a range of experiences. Presentation of pupil work in books was very good and reflects consistent progress across the year.

Curriculum development this year has continued, with the Intent/Implement/Impact approach in the Ofsted framework continuing to be embedded in the primary schools. Curriculum documentation continues to include Curriculum Guidance, Curriculum Intent, Long term Curriculum Planning (including six vertical drivers' common to all Trust primaries), Curriculum Fact Sheets, values and vision, non-negotiables (including marking). Topic Development has spread across all areas and given the afore mentioned first transfer from Year 6 to 7, continuity of curriculum provision across primary to high is now written into Schemes of Work. The use of the Insight tracking system, including the development of Trust-wide common assessment and reporting methods have been a key feature of the last twelve months. The assessment cycle and spine of this are complete. All staff in primary schools are now using Insight as their assessment tool to support data. Regular data updates are provided to the LGB and the Curriculum and Quality Committee of the Trust. This is now also used as the basis for SEND Provision Mapping and report writing.

Progress has continued to be made in cross-Trust working over the course of the last twelve months, with the introduction of a School Improvement offer at primary level, the establishment of the AAT Sports Association and the setting up of common formats for SEFs, SIPs and head teacher reports just a few examples of joint working. September 2021 saw the first entry of Year 7 pupils into Pershore High School, with over 140 young people applying for the available 90 places. It was particularly exciting to see the Upper Key Stage 2 curriculum, so meticulously and lovingly developed, link through to Key Stage 3 for the first time, providing a smooth and highly effective transition for the pupils involved. The quality of induction was further enhanced by the use of a half term transition project, written by High School staff to introduce children to aspects of the Year 7 curriculum ahead. It is clear that the children have settled swiftly and highly effectively into high school life.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

Collaboration between schools in the MAT continues to progress really well. Real detail has come together in the Upper Key Stage 2 into Key Stage 3 curriculum and will be further assessed in the light of practice. Extending the range of pupil leadership and staff development opportunities is a key focus for the next twelve months. Material promoting the benefits of belonging to Avonreach as a staff member, or attending an Avonreach school as a pupil, is starting to be prepared to support the promotion and marketing activities of the Trust. The wellbeing of our young people and staff remain high priorities for the Trust, with the Ethos Committee and Wellbeing working group overseeing these two respective areas.

Key performance indicators

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

The following Key Performance Indicators have been set for the forthcoming academic year. Exact details are to be found in the individual school head teacher performance management targets for 2021-22. Monitoring of performance against these targets will be carried out by LGBs at each school and also by the Education Leadership Team on behalf of the Trust:

- To continue to secure improvements in the attainment and progress of all pupils in Trust schools, with a specific focus upon the more able and those in vulnerable groups (SEND, LAC, and those in receipt of the Pupil Premium).
- Targets will relate to national performance requirements at EYFS, Key Stage 1, Key Stage 2, GCSE and A' levels, with precise data to be found in individual school head teacher objectives;
- To make clear, on-going diagnoses of pupils' learning needs to inform what adaptations to the curriculum and teaching and learning are required. To also adapt school development plans in the light of such changes;
- To build and maintain successful relationships across the schools, on developing the curriculum and the quality of education and on building leadership capacity across the schools;
- Further develop the use of tracking systems, including the development of Trust-wide common assessment and reporting methods.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

Going concern

Permission for the Trust to change its age range was granted by the Regional Schools Commissioner's Headteacher Board on 15th December 2018 and Inkberrow, Norton Juxta Kempsey and Orchard primaries came into existence in September 2019. Despite the on-going pandemic, the first cohort of Year 7 students was successfully transitioned to Pershore High School in September 2021. A public consultation has recently been launched to review the current arrangements in the Pershore area, with a view to further changes from 2023.

In line with the DfE's strong preference that Members should be independent of the Board of Trustees, the Trust has made further changes to its governance structure to ensure appropriate separation between tiers of governance. Members are no longer permitted to serve on the Trust Board or LGBs, and local Governors are not permitted to serve as trustees. In support of the DfE's aim that Members should be "eyes on and hands off", a termly update, one of which is the AGM, is provided to Members by the Chair of Trustees and the Executive Officer.

Similarly, in line with the DfE's strong preference for no employees to serve as trustees, the Executive Officer, who is also Accounting Officer, resigned his position as trustee in January 2021.

The Board has continued to work closely with the ESFA to secure its financial recovery. In May 2021, following the submission of an updated progress report, the Trust received confirmation from the ESFA that the conditions set out within the Financial Notice to Improve Warning Letter have been satisfied and that the potential for the issue of a Notice to Improve (Nti) has been removed.

The letter acknowledges the decisive actions taken by the Trust to enable the significant progress made over the last year to meet the conditions set out in the Warning Letter and to stabilise its financial position. It notes the unique challenges presented by the pandemic in doing so and also confirms that this work provides an excellent basis for long-term sustainability.

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

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

Financial review

The Trust receives its income from a range of sources. The vast majority comes from central government in the form of recurrent grants from Education and Skills Funding Agency (ESFA). These grants and the associated expenditure are shown as restricted funds in the consolidated Statement of Financial Activities.

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 the 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 for 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 pupils.

During the period the ESFA continued to provide grant funding to support the financial impact of increases to teachers' pay and pension fund contributions. Government funding was also made available to support the exceptional costs incurred by schools during the pandemic, for example, additional cleaning, sanitising and cleaning supplies, and provision of meals to those pupils eligible for Free School Meals. In addition, catch up funding was made available to support students to access remote education. Similarly, funding was provided to cover the costs of on-site mass lateral flow testing for students.

To mitigate the loss of opportunity for transition activities created by the restrictions in place as a result of the on-going pandemic, the government promoted the use of 'summer schools' in the holiday period. The ESFA provided funding to meet the costs associated with the operation and delivery of the activities, including staff costs. A claim for actual costs incurred in the running of the summer has been submitted and settlement is pending. A provision has been included in these accounts in light of this expenditure.

Other income received by the Trust includes that from parents (for wrap-around care, lettings etc.) or other third parties, for example, donations, though such income declined during the pandemic. Other 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 source for each school remains the GAG funding.

The Trust also receives grants for fixed assets from the ESFA for capital expenditure and building works. In accordance with the Charities Statement of Recommended Practice, (Charities SORP (FRS102)), and the Academies Accounts Direction, these 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.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

As at 31st August 2021 fund balances were as follows:

Fund	Category	2021 (£'000)	2020 (£'000)
Unrestricted	Unrestricted General Funds	192	-
Total	General Unrestricted Funds	192	-
GAG	Restricted General Funds	158	(34)
Total	General Restricted Funds	158	(34)
Unspent capital reserves	Restricted Fixed Asset Funds	352	907
Total	Spendable Funds	352	907
Net book value of Fixed Assets	Restricted Fixed Asset Fund	18,585	18,127
Share of LGPS deficit	Restricted Pension Reserve	(6,929)	(6,725)
Total	All Funds	12,358	12,274

During the year ended 31 August 2021, total expenditure of £8,922k (2020: 8,411k) was funded by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £493k (2020: £220k). At 31 August 2020 the net book value of fixed assets was £18,585k (2020: £18,127k)

In common with all academies and local authorities, the Trust has an ongoing commitment to its share of the Local Government Pension Scheme (LGPS) deficit. Whilst this is not a conventional liability, it does need to be reflected in the accounts, although it does not need to be deducted from spendable funds. The Trust meets its obligations in respect of LGPS by paying over pension contributions due as calculated by the scheme's actuaries. As at 31st August 2021 the LGPS showed a deficit of £6,929k (2020: £6,725)

The Trust has appointed a Chief Financial and Operations Officer (CFOO) and also has a separate Head of Finance.

The CFOO maintains financial policies, processes and controls to support the systems used to ensure effective financial management. Monthly management accounts are produced for all schools and are compared against the budget submitted to the ESFA. Reforecasts are undertaken when required. Together with the management accounts, the Finance, Audit and Risk committee reviews the balance sheet and 12 month rolling cash flow forecast on a monthly basis.

On an annual basis, the Finance, Audit and Risk committee receives and reviews longer term financial models to inform strategic decision making.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Financial Risk Management objectives and policies

Trustees have assessed the major risks to which the Trust is exposed. The Finance, Audit and Risk committee review risk management arrangements, including a risk management strategy and a strategic risk register, each term. The strategic risk register seeks to identify the likelihood of an event occurring, its impact, and any mitigating actions that might be utilised to reduce or dissipate the risk where appropriate. Risks are categorised under strategic, operational, compliance, financial, educational, well-being and safety, and reputational headings.

The Trust has introduced a Trust wide risk management process covering a wide spectrum of areas in which its schools might face possible risk. This process provides trustees with a detailed understanding of risk within each school and offers the opportunity to spot trends and issues affecting the wider school population. This information is then used to inform the consolidated risk register.

Trustees acknowledge that they have overall responsibility for ensuring that the Trust has an effective and appropriate system of controls in place. The Board is also responsible for keeping proper accounting records which comply with the Companies Act. The trustees also acknowledge responsibility for safeguarding the assets of the Trust and for taking reasonable steps for the prevention and detection of fraud and other irregularities, for example by the introduction of Multi-Factor Authentication logins to increase the security of the IT systems.

The Trust's system of internal control is based on a framework of regular management information and administrative procedures, including segregation of duties, monitoring of controls, training of staff and a system of delegations and accountability.

The Trust's financial regulations manual provides instruction and guidance to trustees, Chairs of LGBs, Headteachers, and staff, and ensures that each school within the Trust maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management.

An internal audit function, provided by an external reviewer performing a range of checks on the Trusts internal control systems and procedures, provides further assurance to the trustees.

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 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.

The Trust recognises the need to have sufficient reserves to protect its operations into the future and, following a period of financial recovery, it is now developing its Financial Sustainability Strategy, incorporating an updated Reserves Policy. The strategy will seek to embed a culture of financial management that is open and transparent and fosters positive relationships to ensure that the Trust's strategic aims are delivered.

At present, the aim of trustees is to carry forward a prudent level of reserves that will enable growth and support schools within the Trust to flourish. To that end, the Trust aims to build over time a reserve of 3 times its monthly salary bill.

AVONREACH ACADEMY TRUST

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

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.

At present no long-term investments are held and surplus funds are held as readily accessible cash rather than on deposit. As part of the Financial Sustainability Strategy, trustees will seek to formulate an investment strategy to provide a rate of return in a risk adverse manner.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Principal risks and uncertainties

All major risks to which the Trust is exposed are detailed in the risk register that is reviewed by Finance, Audit and Risk committee and the Trust Board. Robust policies and procedures are in place to mitigate and manage risk across the Trust.

The principal risks of the Trust have been identified as:

- Financial – the Trust is reliant on the continued government funding through the ESFA. There is no assurance that the government policy or practice will remain the same. Moreover, it remains the fact that despite the National Funding Formula, the funding levels for secondary pupils in Worcestershire is less per pupil per year than in other areas within the West Midlands.

The savings and efficiencies recognised during the year and the improved management information and controls put in place, manage, in so far as is possible, the impact of this risk.

Due to the limited exposure to financial instruments (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.

- Staffing – there is an on-going nationwide shortage of qualified teachers. This is impacting the Trust's ability to recruit and retain quality staff. The Trust is mindful of the impact of workload on staff well-being, particularly in light of the on-going pandemic, and has taken steps to support this through the use of well-being surveys and other forms of support, for example, the introduction of an Employee Assistance Programme. Trustees remain mindful of the increased risk in this area.
- Buildings and facilities – the estate is aging and although significant investment has been made in recent times, ensuring that the estate under the control of the Trust remains safe, secure and compliant presents an on-going risk. Estates improvement is supported primarily through planned School Condition Allocation (CIF, DFC) spending. Additionally, Pershore High School has been included in the initial tranche of the Schools Rebuilding Programme. The DfE are currently finalising the scope of the project, but it is anticipated that a considerable amount of funding will be made available to improve and future proof the estate at Pershore High School.

Trustees have implemented a Trust wide risk management process to assess the risks faced by its schools and to determine how these are being mitigated. Considerable additional work was undertaken around risk assessment and management following the national restrictions in light of COVID 19. In advance of reopening, all schools revisited their risk assessments and implemented processes and procedures to mitigate risks associated with the transmission of the virus. Monitoring remains live and continual.

A material risk for the Trust in relation to the defined pension scheme has been mitigated as parliament has agreed at the request of the Secretary of State for education to guarantee in the event of an academy closure outstanding LGPS pension scheme liabilities would be met by the DfE. This guarantee came into force in July 2013.

It should also be noted that procedures are in place to ensure compliance with legislation to protect the health and safety of staff, pupils and visitors across the Trust.

AVONREACH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Fundraising

The Trust continues to develop its fundraising plan which will set out its aims and demonstrate how these aims link to its values. The plan will conform to the Charities SORP and the guidance issued by the Charities Commission in relation to fundraising. During the accounting period, the Trust did not operate a formal fundraising programme in conjunction with any commercial or professional fundraisers. Similarly, the Trust does not subscribe to any voluntary fundraising schemes or standards and does not have any commercial third party fundraising on its behalf requiring monitoring in relation to vulnerable people, unreasonably intrusive or persistent fundraising approaches, or undue pressure to donate.

Schools in the Trust do benefit from occasional volunteer fundraising by associated parent/friends and similar groups. Opportunities for fundraising activities have been adversely impacted by the restrictions imposed throughout the pandemic. Similarly, donations have dropped off during the period as families felt the impact of the restrictions on their household income.

The Trust has not received any formal complaints in respect of its fundraising activities.

Plans for future periods

To achieve its vision, the Trust 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 joining a multi academy trust. The Trust will also continue to work with the DfE and the Regional Schools Commissioner, particularly in light of the outcome of the public consultation currently underway in respect of the Pershore Area Review.

In line with its strategic plan, the Trust Board will create a road map for growth. A considered and controlled approach is being taken to ensure that the Trust is in the best position to welcome new schools.

The Trust will develop its Financial Sustainability Strategy, incorporating Key Performance Indicators to inform decision making, to support its aims for growth and future investment.

Funds held as custodian on behalf of others

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

Disclosure of information to auditors

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that 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 auditors are aware of that information.

AVONREACH ACADEMY TRUST

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 9 December 2021 and signed on its 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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.

AVONREACH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 7 times during the year.

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

Trustee	Meetings attended	Out of a possible
Andrew Longdon, (Chair) (Diocesan)	6	7
Rob Phillips, (Vice Chair)	7	7
Penelope Anstey	6	7
Rachel Callaghan	7	7
Clive Corbett, (Executive Officer and Accounting Officer)	3	3
Ian Cumming	4	7
Julia Hayes	1	1
Karen Rutter	7	7
Mark Slater	7	7
Bob Stanton	5	7

In line with the Handbook, the Trust has made further changes to its governance structure to ensure separation between tiers of governance. Members are no longer permitted to serve on LGBs and Local Governors are not permitted to serve as trustees. Additionally, the Executive Officer, whilst in attendance at all Trust Board meetings, is no longer a trustee.

The annual skills audit identified the need for specific experience in the secondary phase. The Trust is actively seeking to appoint a Trustee with this experience.

The Board has continued to focus on the financial recovery of the Trust and on the effective delivery of the curriculum under the unprecedented circumstances created by the on-going pandemic, with meetings taking place on-line. The work of the Board has been informed by comprehensive and timely financial management information and regular updates of the agreed recovery plan.

The Board has reflected on the Trust's governance structure and has consulted on improvements to the current arrangements in order to remove duplication and to facilitate prompt decision making. The newly adopted Circle Method of Governance arrangements remove committees at school level and managing school business at 6 full governing body meetings per year, each with a focus on either finance or curriculum. This has necessitated a review of the scheme of delegation and the terms of reference for Board committees and LGBs.

In light of the restrictions, it has not been possible for trustees to meet together as planned to formally review and update the action plan created following the review of governance carried out in July 2019. However, it is the intention of the Board to hold another "Away Day" event as soon as restrictions allow.

AVONREACH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Finance Audit & Risk Committee

The Finance, Audit & Risk 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 during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Bob Stanton	6	6
Karen Rutter	5	6
Ian Cumming	6	6
Andrew Longdon	3	6
Clive Corbett	2	2

Review of value for money

As Accounting Officer, the Executive Officer has responsibility for ensuring that the Academy 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 appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

Ensuring the effective use of resources:

- resources are targeted at school improvement priorities, for example, through the implementation of common data collection systems to facilitate the review and moderation of educational outcomes and support school development priorities
- on-going review of procurement to achieve better quality and economies of scale in relation to the purchase of goods and services
- estate is maintained in a good state of repair and is compliant with relevant legislation to ensure suitability and safety for pupils to achieve best outcomes.

Ensuring financial effectiveness:

- sufficient expertise is available to challenge on ensuring value for money. If required consulting professional experts to advise on financial aspects
- timely financial management information highlight significant variances to budget allowing individual schools and the Board to take remedial action
- focus on greater level of transparency and challenge on school budgets, including longer term planning around schools with investment needs, and those with financial challenges, using benchmarking, and other data, as a model for improvement

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 on-going process designed to identify and prioritise the risks to the achievement of Academy 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 1 September 2020 to 31 August 2021 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance Audit & Risk 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
- identification and management of risks

The Board of Trustees considered the need for a specific internal audit function and have chosen to work with a range of professionals, including external audit firms and SRMAs, to facilitate a system of internal audit for the period 1st September 2020 to 31st August 2021.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the Trust's financial and other systems. In the current period reviews have included:

- VAT
- Self-generated income
- Procurement
- IT services, including cyber security

On an annual basis, the reviewer reports to the Board of Trustees through the Finance, Audit & Risk committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares a short annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

AVONREACH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

Due to the pandemic the internal scrutiny plan for the period could not be fully completed due to visits being suspended. However, alternative work has been completed in the interim and was sufficient to confirm that there were no material control issues during the period and that on going work to operate the systems of internal control were sufficient under the prevailing circumstances.

Review of effectiveness

As Accounting Officer, the 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:

- the work of the reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the school resource management self-assessment tool;
- the work of the Chief Financial Officer who has responsibility for the development and maintenance of the internal control framework;
- feedback from the Chair of the Finance, Audit and Risk committee.

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

Approved by order of the members of the Board of Trustees on 9 December 2021 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 Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 2020.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2020.

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



Clive Corbett
Executive Officer
Date: 9 December 2021

AVONREACH ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- 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 group will continue in business.

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

The trustees are responsible for ensuring that in their conduct and operation the Group and the charitable company apply 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 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 9 December 2021 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 2021 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Academy balance sheet, the 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 2019 and the Academies Accounts Direction 2020 to 2021 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 2021 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 2019 and the Academies Accounts Direction 2020 to 2021 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.

Conclusions relating to going concern

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

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

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

AVONREACH ACADEMY TRUST

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

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Trustees' report and the 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 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 (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Multi Academy Trust. These include but are not limited to compliance with the Companies Act 2006, the Charities SORP, the Academies Accounts Direction, UK GAAP and tax legislation;
- we agreed the financial statement disclosures to supporting documentation;
- we made enquiries of management; and
- we reviewed board minutes throughout the year.

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.

AVONREACH ACADEMY TRUST

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



Ryan Moore CA (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

9 December 2021

AVONREACH ACADEMY TRUST

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

In accordance with the terms of our engagement letter dated 2 August 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, 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 2020 to 31 August 2021 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 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 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 ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Avonreach Academy Trust's funding agreement with the Secretary of State for Education dated December 2014 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

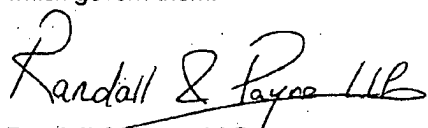
- We review consistency with value for money principles in the period;
- We assess compliance with relevant laws and regulation;
- We assess the safeguarding of public funds and assets.

AVONREACH ACADEMY TRUST

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Randall & Payne LLP

Chartered Accountants and Statutory Auditors

Date: 9 December 2021

AVONREACH ACADEMY TRUST

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income from:						
Donations and capital grants	3	-	10	161	171	2,413
Other trading activities		405	-	-	405	547
Charitable activities		-	9,008	-	9,008	7,948
Total income		405	9,018	161	9,584	10,908
Expenditure on:						
Raising funds		9	-	-	9	11
Charitable activities	8	-	8,994	366	9,360	9,036
Total expenditure		9	8,994	366	9,369	9,047
Net income/(expenditure)		396	24	(205)	215	1,861
Transfers between funds	18	(204)	95	109	-	-
Net movement in funds before other recognised gains/(losses)		192	119	(96)	215	1,861
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(134)	-	(134)	(1,743)
Net movement in funds		192	(15)	(96)	81	118
Reconciliation of funds:						
Total funds brought forward		16	(6,773)	19,033	12,276	12,158
Net movement in funds		192	(15)	(96)	81	118
Total funds carried forward		208	(6,788)	18,937	12,357	12,276

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

AVONREACH ACADEMY TRUST

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

The notes on pages 38 to 68 form part of these financial statements.

AVONREACH ACADEMY TRUST
REGISTERED NUMBER: 07665364

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	15	18,587	18,128
		<u>18,587</u>	<u>18,128</u>
Current assets			
Debtors	16	444	1,017
Cash at bank and in hand		963	891
		<u>1,407</u>	<u>1,908</u>
Creditors: amounts falling due within one year	17	(707)	(1,037)
Net current assets		<u>700</u>	<u>871</u>
Total assets less current liabilities		<u>19,287</u>	<u>18,999</u>
Net assets excluding pension liability		<u>19,287</u>	<u>18,999</u>
Defined benefit pension scheme liability	24	(6,929)	(6,725)
Total net assets		<u><u>12,358</u></u>	<u><u>12,274</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	18	18,937	19,033
Restricted income funds	18	158	(34)
		<u>19,095</u>	<u>18,999</u>
Restricted funds excluding pension asset	18	19,095	18,999
Pension reserve	18	(6,929)	(6,725)
Total restricted funds	18	<u>12,166</u>	<u>12,274</u>
Unrestricted income funds	18	<u>192</u>	<u>-</u>
Total funds		<u><u>12,358</u></u>	<u><u>12,274</u></u>

AVONREACH ACADEMY TRUST
REGISTERED NUMBER: 07665364

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

The financial statements on pages 31 to 68 were approved by the Trustees, and authorised for issue on 09 December 2021 and are signed on their behalf, by:



Andrew Longdon
Chair of Trustees



Clive Corbett
Executive Officer

The notes on pages 38 to 68 form part of these financial statements.

AVONREACH ACADEMY TRUST
REGISTERED NUMBER: 07665364

ACADEMY BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	15	18,587	18,128
		<u>18,587</u>	<u>18,128</u>
Current assets			
Debtors	16	444	1,021
Cash at bank and in hand		949	875
		<u>1,393</u>	<u>1,896</u>
Creditors: amounts falling due within one year	17	(707)	(1,039)
Net current assets		<u>686</u>	<u>857</u>
Total assets less current liabilities		<u>19,273</u>	<u>18,985</u>
Net assets excluding pension liability		<u>19,273</u>	<u>18,985</u>
Defined benefit pension scheme liability	24	(6,929)	(6,725)
Total net assets		<u><u>12,344</u></u>	<u><u>12,260</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	18	18,828	19,033
Restricted income funds	18	63	(48)
		<u>18,891</u>	<u>18,985</u>
Restricted funds excluding pension liability	18	18,891	18,985
Pension reserve	18	(6,929)	(6,725)
Total restricted funds	18	<u>11,962</u>	<u>12,260</u>
Unrestricted income funds	18	<u>382</u>	<u>-</u>
Total funds		<u><u>12,344</u></u>	<u><u>12,260</u></u>

AVONREACH ACADEMY TRUST
REGISTERED NUMBER: 07665364

ACADEMY BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

The financial statements on pages 31 to 68 were approved by the Trustees, and authorised for issue on 09 December 2021 and are signed on their behalf, by:



Andrew Longdon



Clive Corbett

The notes on pages 38 to 68 form part of these financial statements.

AVONREACH ACADEMY TRUST

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	736	(196)
Cash flows from investing activities	21	(664)	604
Change in cash and cash equivalents in the year		72	408
Cash and cash equivalents at the beginning of the year		891	483
Cash and cash equivalents at the end of the year	22, 23	<u>963</u>	<u>891</u>

The notes on pages 38 to 68 form part of these financial statements

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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 Group, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Consolidated statement of financial activities (SOFA) and Consolidated 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.

The Academy has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

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 and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.3 Income

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

- **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Group has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Group, can be reliably measured.

- **Grants**

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

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

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

- **Donations**

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

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**

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

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.4 Expenditure (continued)

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

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 Consolidated statement of financial activities.

1.7 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.

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.8 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.

1.9 Liabilities

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

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. 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 cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.11 Pensions

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Group 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 Consolidated 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.

1.12 Fund accounting

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

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

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

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

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

3. Income from donations and capital grants

	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Donations	10	-	10
Capital Grants	-	120	120
Grants	-	41	41
	<u>10</u>	<u>161</u>	<u>171</u>

	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Donations	128	-	128
Capital Grants	-	2,245	2,245
Grants	-	40	40
	<u>128</u>	<u>2,285</u>	<u>2,413</u>

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

4. Funding for the Academy's educational operations direct

	Restricted funds 2021 £000	Total funds 2021 £000
DfE/ESFA grants		
General Annual Grant	7,535	7,535
Other DfE/ESFA grants		
Rates Reclaim	45	45
Pupil Premium and Service Premium	269	269
Universal Infant Free School Meals (UifSM)	82	82
PE and Sports Grant	52	52
Other DfE and ESFA	634	634
LA - Special Educational Needs (SEN)	310	310
Other LA Revenue Grants	81	81
	<u>9,008</u>	<u>9,008</u>
	<i>Restricted funds 2020 £000</i>	<i>Total funds 2020 £000</i>
DfE/ESFA grants		
General Annual Grant	6,888	6,888
Other DfE/ESFA grants		
Rates Reclaim	33	33
Pupil Premium and Service Premium	233	233
Universal Infant Free School Meals (UifSM)	81	81
PE and Sports Grant	51	51
Other DfE and ESFA	408	408
LA - Special Educational Needs (SEN)	170	170
Other LA Revenue Grants	84	84
	<u>7,948</u>	<u>7,948</u>

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the group's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

Included within Other DfE and ESFA income is £30k claimed in respect of COVID-related exceptional costs, £120k of COVID catch-up funding and £49k of other grants, including mass testing and additional free school meal costs.

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

5. Income from other trading activities

	Unrestricted funds 2021 £000	Total funds 2021 £000
Music tuition	4	4
Hire of facilities	15	15
Catering income	273	273
Trading recharges	33	33
Other income	80	80
Total 2021	405	405

	Unrestricted funds 2020 £000	Total funds 2020 £000
Music tuition	13	13
Hire of facilities	9	9
Catering income	299	299
Trading recharges	29	29
Other income	173	173
Other trading income	24	24
Total 2020	547	547

Other trading income has been shown in this note for the first time in the period, in order to enable comparability, following the absorption of trading activities into the Trust.

6. Investment income

Investment income amounted to less than £1,000 in both periods and as such, is not presented in these rounded financial statements.

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

7. Expenditure

	Staff Costs 2021 £000	Premises 2021 £000	Other 2021 £000	Total 2021 £000
Expenditure on fundraising trading activities:				
Direct costs	-	7	2	9
Educational Operations				
Direct costs	5,749	-	465	6,214
Allocated support costs	1,356	1,051	739	3,146
	<u>7,105</u>	<u>1,058</u>	<u>1,206</u>	<u>9,369</u>

	Staff Costs 2020 £000	Other 2020 £000	Total 2020 £000
Expenditure on fundraising trading activities:			
Direct costs	-	11	11
Educational Operations			
Direct costs	5,509	410	5,919
Allocated support costs	1,442	1,675	3,117
	<u>6,951</u>	<u>2,096</u>	<u>9,047</u>

8. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2021 £000	Total funds 2021 £000
Educational Operations	<u>9,360</u>	<u>9,360</u>

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

8. Analysis of expenditure on charitable activities (continued)

Summary by fund type (continued)

	<i>Restricted funds 2020 £000</i>	<i>Total funds 2020 £000</i>
Educational Operations	9,036	9,036

9. Analysis of expenditure by activities

	Activities undertaken directly 2021 £000	Support costs 2021 £000	Total funds 2021 £000
Educational Operations	6,214	3,146	9,360

	<i>Activities undertaken directly 2020 £000</i>	<i>Support costs 2020 £000</i>	<i>Total funds 2020 £000</i>
Educational Operations	5,919	3,117	9,036

Analysis of direct costs

	Total funds 2021 £000	Total funds 2020 £000
Staff costs	5,749	5,509
Educational supplies	293	283
Examination fees	109	96
Technology costs	63	31
	6,214	5,919

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

9. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

Analysis of support costs

	Total funds 2021 £000	Total funds 2020 £000
Pension finance costs	115	81
Staff costs	1,357	1,442
Depreciation	366	332
Other staff costs	-	1
Insurance	44	31
Technology costs	96	68
Other	30	171
Maintenance of premises	162	123
Cleaning and caretaking	198	166
Rates	46	21
Energy	133	118
Security	2	1
Transport	25	23
Catering	257	278
Other premises costs	145	87
Legal & professional	147	147
Auditor costs	23	27
	3,146	3,117

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £000	2020 £000
Operating lease rentals	34	11
Depreciation of tangible fixed assets	366	332
Fees paid to auditors for:		
- audit	13	13
- other services	5	5
	<u> </u>	<u> </u>

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	Group 2021 £000	Group 2020 £000	Academy 2021 £000	Academy 2020 £000
Wages and salaries	5,363	5,077	5,363	5,077
Social security costs	460	443	460	443
Pension costs	1,271	1,420	1,271	1,420
	<u>7,094</u>	<u>6,940</u>	<u>7,094</u>	<u>6,940</u>
Apprenticeship levy	11	11	11	11
	<u>7,105</u>	<u>6,951</u>	<u>7,105</u>	<u>6,951</u>

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

11. Staff (continued)

b. Staff numbers

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

	Group 2021 No.	Group 2020 No.
Teachers	87	89
Administration and support	102	110
Management	6	11
	<u>195</u>	<u>210</u>

c. Higher paid staff

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

	Group 2021 No.	Group 2020 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
	<u>1</u>	<u>-</u>

d. Key management personnel

The key management personnel of the Academy comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £460,106 (2020 - £417,355).

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

12. Central services

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

- Financial services
- Legal services
- Procurement
- HR support
- IT support
- Educational support

The Group charges for these services on the following basis:

- 3.25% of income

The actual amounts charged during the year were as follows:

	2021 £000	2020 £000
Orchard Primary School	23	21
Inkberrow Primary School	19	17
Norton Juxta Kempsey Primary School	19	18
Pershore High School	183	168
Total	244	224

13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

14. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Group 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 is not separable from the RPA agreement.

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

15. Tangible fixed assets

Group

	Long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2020	19,012	1,485	39	353	20,889
Additions	737	14	23	51	825
Rounding	1	-	-	-	1
At 31 August 2021	19,750	1,499	62	404	21,715
Depreciation					
At 1 September 2020	2,395	-	21	346	2,762
Charge for the year	337	-	6	23	366
At 31 August 2021	2,732	-	27	369	3,128
Net book value					
At 31 August 2021	17,018	1,499	35	35	18,587
At 31 August 2020	16,617	1,485	19	7	18,128

Academy

	Long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2020	19,012	1,485	39	353	20,889
Additions	737	14	23	51	825
Rounding	1	-	-	-	1
At 31 August 2021	19,750	1,499	62	404	21,715

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

15. Tangible fixed assets (continued)

Academy (continued)

	Long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Depreciation					
At 1 September 2020	2,395	-	21	346	2,762
Charge for the year	337	-	6	23	366
At 31 August 2021	<u>2,732</u>	<u>-</u>	<u>27</u>	<u>369</u>	<u>3,128</u>
Net book value					
At 31 August 2021	<u>17,018</u>	<u>1,499</u>	<u>35</u>	<u>35</u>	<u>18,587</u>
At 31 August 2020	<u>16,617</u>	<u>1,485</u>	<u>19</u>	<u>7</u>	<u>18,128</u>

Included in long-term leasehold property is land at valuation of £2,910,700 (2020: £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.

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

16. Debtors

	Group 2021 £000	Group 2020 £000	Academy 2021 £000	Academy 2020 £000
Due within one year				
Trade debtors	9	9	9	14
Other debtors	17	33	17	32
Prepayments and accrued income	418	975	418	975
	<u>444</u>	<u>1,017</u>	<u>444</u>	<u>1,021</u>

17. Creditors: Amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Academy 2021 £000	Academy 2020 £000
Trade creditors	408	768	408	772
Other taxation and social security	258	235	258	235
Other creditors	-	20	-	20
Accruals and deferred income	41	14	41	12
	<u>707</u>	<u>1,037</u>	<u>707</u>	<u>1,039</u>

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

18. Statement of funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Unrestricted funds						
General Funds - all funds	-	405	(9)	(204)	-	192
Restricted general funds						
GAG	(34)	9,019	(8,922)	95	-	158
Pension reserve	(6,725)	-	(70)	-	(134)	(6,929)
	<u>(6,759)</u>	<u>9,019</u>	<u>(8,992)</u>	<u>95</u>	<u>(134)</u>	<u>(6,771)</u>
Restricted fixed asset funds						
Fixed Assets	18,126	-	(366)	825	-	18,585
Capital Grants	807	120	-	(729)	-	198
Devolved Formula Capital	100	41	-	(37)	-	104
Orchard tfr from unrestricted	-	-	-	50	-	50
	<u>19,033</u>	<u>161</u>	<u>(366)</u>	<u>109</u>	<u>-</u>	<u>18,937</u>
Total Restricted funds	<u>12,274</u>	<u>9,180</u>	<u>(9,358)</u>	<u>204</u>	<u>(134)</u>	<u>12,166</u>
Total funds	<u>12,274</u>	<u>9,585</u>	<u>(9,367)</u>	<u>-</u>	<u>(134)</u>	<u>12,358</u>

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

The restricted general fund includes grants receivable from the ESFA, 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

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

18. Statement of funds (continued)

amount of GAG it could carry forward at 31 August 2021.

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

18. Statement of funds (continued)

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

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General Funds - all funds	-	547	(11)	(536)	-	-
Restricted general funds						
GAG	(254)	8,076	(8,411)	555	-	(34)
Pension reserve	(4,688)	-	(294)	-	(1,743)	(6,725)
	(4,942)	8,076	(8,705)	555	(1,743)	(6,759)
Restricted fixed asset funds						
Fixed Assets	16,797	-	(332)	1,661	-	18,126
Capital Grants	242	2,245	-	(1,680)	-	807
Devolved Formula Capital	60	40	-	-	-	100
	17,099	2,285	(332)	(19)	-	19,033
Total Restricted funds	12,157	10,361	(9,037)	536	(1,743)	12,274
Total funds	12,157	10,908	(9,048)	-	(1,743)	12,274

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £000	2020 £000
Orchard Primary School	124	292
Inkberrow Primary School	(31)	(15)
Norton Juxta Kempsey Primary School	(29)	(43)
Pershore High School	278	(268)
Avonreach Academy Trust	9	-
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	351	(34)
Restricted fixed asset fund	18,937	19,033
Pension reserve	(6,929)	(6,725)
	<hr/>	<hr/>
Total	12,359	12,274

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

	Deficit £000
Inkberrow Primary School	(31)
Norton Juxta Kempsey Primary School	(29)
	<hr/>

The approval of in year deficit budgets at both Inkberrow and Norton Juxta Kempsey primary schools followed rigorous scrutiny by trustees during the budget setting process. Trustees recognised the impact of lagged funding in each case and set clear objectives to ensure that both schools return to surplus during the 21/22 financial year. The position is closely monitored via the monthly management accounts review to ensure both schools remain on track to achieve their objective.

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2021 £000
Orchard Primary School	678	72	20	120	890
Inkberrow Primary School	520	76	54	82	732
Norton Juxta Kempsey Primary School	607	56	29	106	798
Pershore High School	3,934	1,055	296	994	6,279
Avonreach Academy Trust	11	211	3	79	304
Academy	5,750	1,470	402	1,381	9,003

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

18. Statement of funds (continued)

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

	<i>Teaching and educational support staff costs £000</i>	<i>Other support staff costs £000</i>	<i>Educational supplies £000</i>	<i>Other costs excluding depreciation £000</i>	<i>Total 2020 £000</i>
Orchard Primary School	630	69	29	94	822
Inkberrow Primary School	454	67	51	84	656
Norton Juxta Kempsey Primary School	519	51	36	100	706
Pershore High School	3,895	988	285	888	6,056
Avonreach Academy Trust	-	295	-	180	475
Academy	5,498	1,470	401	1,346	8,715

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	-	-	18,587	18,587
Current assets	192	865	350	1,407
Creditors due within one year	-	(707)	-	(707)
Provisions for liabilities and charges	-	(6,929)	-	(6,929)
Total	192	(6,771)	18,937	12,358

Analysis of net assets between funds - prior year

	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	18,128	18,128
Current assets	1,001	907	1,908
Creditors due within one year	(1,037)	-	(1,037)
Provisions for liabilities and charges	(6,725)	-	(6,725)
Total	(6,761)	19,035	12,274

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

20. Reconciliation of net income to net cash flow from operating activities

	2021 £000	2020 £000
Net income for the year (as per Statement of financial activities)	215	1,861
Adjustments for:		
Depreciation	366	332
Capital grants from DfE and other capital income	(161)	(2,285)
Defined benefit pension scheme cost less contributions payable	(51)	208
Defined benefit pension scheme finance cost	115	81
Defined benefit pension scheme admin expenses	6	5
Decrease/(increase) in debtors	594	(796)
(Decrease)/increase in creditors	(348)	398
Net cash provided by/(used in) operating activities	736	(196)

21. Cash flows from investing activities

	Group 2021 £000	Group 2020 £000
Purchase of tangible fixed assets	(825)	(1,681)
Capital grants from DfE Group	161	2,285
Net cash (used in)/provided by investing activities	(664)	604

22. Analysis of cash and cash equivalents

	Group 2021 £000	Group 2020 £000
Cash in hand and at bank	963	891
Total cash and cash equivalents	963	891

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

23. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 August 2021 £000
Cash at bank and in hand	891	72	963
	<u>891</u>	<u>72</u>	<u>963</u>

24. Pension commitments

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

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

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

Teachers' Pension Scheme

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

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

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

24. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £986,000 (2020 - £828,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £722,000 (2020 - £368,000), of which employer's contributions totalled £640,000 (2020 - £296,000) and employees' contributions totalled £ 82,000 (2020 - £72,000). The agreed contribution rates for future years are 19.5 per cent for employers and 5.5-8.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

24. Pension commitments (continued)

Principal actuarial assumptions

	2021 %	2020 %
Rate of increase in salaries	4.2	3.9
Rate of increase for pensions in payment/inflation	2.8	2.5
Discount rate for scheme liabilities	1.7	1.8
Inflation assumption (CPI)	2.7	2.4

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

	2021 Years	2020 Years
<i>Retiring today</i>		
Males	22.7	22.6
Females	25.1	25
<i>Retiring in 20 years</i>		
Males	24.4	24.2
Females	27.1	27

Sensitivity analysis

	2021 £000	2020 £000
Discount rate +0.1%	(232)	(202)
Mortality assumption - 1 year increase	364	287
CPI rate +0.1%	238	207

AVONREACH ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

24. Pension commitments (continued)

Share of scheme assets

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

	2021 £000	2020 £000
Equities	3,866	2,216
Government bonds	-	225
Corporate bonds	5	178
Property	205	181
Cash and other liquid assets	116	141
Other	456	420
Total market value of assets	4,648	3,361

The actual return on scheme assets was £674k (2020 - £50k).

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

	2021 £000	2020 £000
Current service cost	(589)	(498)
Past service cost	-	(6)
Interest income	66	63
Interest cost	(181)	(144)
Administrative expenses	(6)	(5)
Total amount recognised in the Consolidated statement of financial activities	(710)	(590)

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

24. Pension commitments (continued)

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

	2021 £000	2020 £000
At 1 September	10,086	8,023
Current service cost	589	498
Interest cost	181	144
Employee contributions	82	72
Actuarial losses	742	1,434
Benefits paid	(103)	(91)
Past service costs	-	6
At 31 August	11,577	10,086

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

	2021 £000	2020 £000
At 1 September	3,361	3,335
Interest income	66	63
Actuarial gains/(losses)	608	(309)
Employer contributions	640	296
Employee contributions	82	72
Benefits paid	(103)	(91)
Administration expenses	(6)	(5)
At 31 August	4,648	3,361

25. Operating lease commitments

At 31 August 2021 the Group and the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Academy 2021 £000	Academy 2020 £000
Not later than 1 year	40	34
Later than 1 year and not later than 5 years	57	60
	97	94

AVONREACH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

26. 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.

27. Related party transactions

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