

The Reach Free School Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2022

Company Registration Number
07960515 (England and Wales)

Feltons
Chartered Accountants

Birmingham
B1 3JR

The Reach Free School Trust
(A Company Limited by Guarantee)

Report and Financial Statements
Year ended 31 August 2022

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The Reach Free School Trust
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Reference and Administrative Details

Members and Trustees

Nicola Raggett	Trustee and Chairperson
Helen Reeves	Member Trustee
Nicola Redhead	Headteacher and Accounting Officer
Lisa Darwood	Community Trustee (resigned 31/12/2021)
Sarah McAneny	Community Trustee (resigned 07/07/2022)
Malcolm Weaver	Community Trustee
Timothy Boyes	Member Trustee
Jayson Rawlings	Community Trustee (appointed 01/09/2021)
Karen Slater	Member Trustee (appointed 20/01/2022)
Kerrie Meade	Parent Trustee (appointed 01/02/2022)
Bernadette Przybek	Member Trustee (appointed 23/09/2021)
Debbie James	Member Trustee (appointed 23/09/2021)

Senior management team

<ul style="list-style-type: none">• Headteacher	Nicola Redhead (resigned 18/11/2022)
<ul style="list-style-type: none">• Interim Headteacher and Accounting Officer	Lauren Jacques (appointed 19/11/2022)
<ul style="list-style-type: none">• Deputy Headteacher	Lauren Jacques (resigned 18/11/2022)
<ul style="list-style-type: none">• Pastoral Director	Shelley Haddon
<ul style="list-style-type: none">• Business Manager and Chief Financial Officer	Lorna Bennett (resigned 31/08/2022)

Company name The Reach Free School Trust

Principal and registered office 9 High Street
Kings Heath
Birmingham
B14 7BB

Company registration number 07960515

Independent auditor Feltons
8 Sovereign Court
8 Graham Street
Birmingham B1 3JR

Bankers Lloyds Bank Plc
32 Alcester Road South
Kings Heath
Birmingham
B14 7PU

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

**The Reach Free School Trust
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Trustees' report for the year ended 31 August 2022

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust operates an academy for pupils aged 14 to 16 serving a catchment area in South Birmingham. It has a pupil capacity of 64 and had a roll of 25 in the school census on October 2022.

Structure, Governance and Management

Constitution

The Reach Free School Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Reach Free School Trust. The trustees of Reach Free School Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Reach Free School 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 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 £10,000 on any one claim.

Method of recruitment and appointment or election of Trustees

Trustees may be appointed by the Governing Body provided that the person who is appointed, in the opinion of the Governing Body is:

- a person who, in the opinion of the Governing Body, is committed to the government and success of the school.

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Trustees' report for the year ended 31 August 2022 (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustees attend induction training in accordance with their needs.

The head teacher is the leader for professional development in school, and she ensures that trustees are provided with opportunities to receive training in accordance with their role, and the school's training plan.

Organisational structure

The Governing Body has established committees and appoints trustees to serve on each of the committees annually. The committees for the period of the report were:

- Finance and Pay
- HR
- Buildings, Health and Safety

The written terms of reference of the committees include the monitoring of the preparation and management of the school's budget and implementation of the school's financial management policies, including risk assessment.

The Governing Body also appoints a responsible officer and this role has been fully implemented in accordance with the academy trust's financial procedures.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body reviews the pay policy on an annual basis.

Related parties and other Connected Charities and Organisations

The related parties are Kings Norton Girls School, Queensbridge School, Hall Green School and Birmingham Educational Partnership. Details of the relationship and transactions are disclosed in note 22 of the financial statements.

Objectives and activities

Objects and aims

The strategic goal of Reach Free School Trust is to provide a broad and balanced curriculum to all pupils in accordance with the funding agreement between the academy trust and the Department for Education.

Objectives, strategies and activities

Reach is an alternative provision school offering access to learning for young people at risk of being out of education or those who have already fallen outside of mainstream settings.

Reach offers a relevant, bespoke and personalised learning experience for students to ensure they have the necessary qualifications and skills to prepare them for life after school.

Reach offers a curriculum rich in quality with traditional subjects alongside work related learning opportunities and challenge activities which help to develop the personal and social skills of students. Reach also provides a wellbeing support package customised to the individual needs and circumstances of students.

Reach School is committed to challenging the students in ways that increase resilience. By supporting families and providing a bridge into appropriate educational or vocational progression the school strives to maximise the life chances of all students.

**The Reach Free School Trust
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Trustees' report for the year ended 31 August 2022 (continued)

Public benefit

In setting our objectives and planning our activities the Governing Body have carefully considered the Charity Commission's general guidance on public benefit.

The Reach Free School Trust is an equal opportunity employer, and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender, race, colour or sexual orientation.

Strategic Report

Achievements and Performance

Since its opening in September 2013 the school has continued to make progress to ensure students receive the highest quality education. Improvements to the curriculum and teaching and learning standards have improved outcomes for students and contributed to the school gaining a "good" Ofsted judgement in May 2017.

93% of students gained at least 1 GCSE, 81% gained 5 or more GCSE's, 70% of students gained 5 or more GCSE's including English and Maths and the school leavers classed as N.E.E.T (not in education, employment or training) was 3%.

Key Performance Indicators

- Direct costs as a percentage of total costs were 71.7% (2021 : 54.7%)
- Support costs as a percentage of total costs were 28.3% (2021 : 45.3%)
- Total payroll costs as a percentage of recurring income were 85.1% (2021 : 85.3%)

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Reach Free School 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.

Financial Review

The financial results of The Reach Free School Trust are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Academy Trust Handbook published by the ESFA and requirements as laid down by the Academy's Financial Handbook.

The principal funding source is grant income from the ESFA. All expenditure of this grant income is planned to fulfil the objectives and strategies of the school.

During the year ended 31 August 2022 total resources expended were £1,242,924 and the excess of expenditure over income was £77,402 which included depreciation of £33,487.

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Trustees' report for the year ended 31 August 2022 (continued)

Reserves Policy

The Governing Body continually monitor the reserves of the charitable company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

It is the Governing Body's general policy to continue to build reserves which can be used for future educational purposes.

The academy had total funds at 31 August 2022 of £1,671,947 which included £12,124 restricted funds not available for general purposes of the academy trust, £412,285 of free reserves defined as unrestricted funds available for general purposes and £1,386,538 which can only be realised by the disposal of tangible fixed assets.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a surplus of £424,409.

In addition, the deficit on the restricted pension fund of £139,000 arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary. This will result in a cash flow effect for the trust in the form of an increase in employers' pension contributions over a period of years.

The Governing Body regularly review the level of reserves and aim to maintain them at a minimum of 3 months of expenditure. Budgeted expenditure for 2022/23 is £1,148,475 and hence the minimum target is £287,119. Unrestricted reserves at 31 August 2022 therefore represent 4.3 months.

Principal Risks and Uncertainties

The Governing Body have considered the major risks and uncertainties facing the charitable company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Attention has also been focused on non-financial risks arising from fire, health and safety. These risks are managed by ensuring accreditation is up to date, having robust policies in place, and regular awareness training for staff working in these operational areas.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the period was monitored by the Governing Body.

Plans for Future Periods

The school priorities for the coming year are:

To improve the quality of education through planning a structured, sequenced, adaptive and rigorous curriculum in each area. Impact will be seen through students making progress so that they achieve consistently high levels of success across more of the qualifications they take.

To ensure the school has a positive impact on students in terms of behaviour, rewards, attendance and safeguarding, enabling students to achieve their best possible outcomes.

To consistently promote extensive personal development of students at REACH

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Trustees' report for the year ended 31 August 2022 (continued)

To ensure that leadership and management have a clear and well communicated vision for the school that results in improved outcomes for all students through a shared, robust accountability

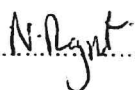
To ensure the provision at REACH School meets the needs of all students, offering quality interventions through a graduated approach and preparing them for transition to post-16 and adulthood.

Auditor

Insofar as the Trustees are aware :

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13.12.2022 and signed on the board's behalf by:

.....  Nicola Raggett - Chair of Trustees

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Governance statement for the year ended 31 August 2022

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Reach Free School 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 Governing Body has delegated the day-to-day responsibility to the Principal, 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 The Reach Free School Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
Nicola Raggett	6	6
Nicola Redhead	6	6
Sarah McAneny	3	6
Helen Reeves	5	6
Timothy Boyes	6	6
Malcolm Weaver	5	6
Lisa Darwood	1	6
Kerrie Meade	1	6
Jayson Rawlings	5	6
Karen Slater	2	6

The Governing Body have received presentations from various members of staff to ensure that they understand data presented with full explanations given. The Governing Body have then scrutinised any areas of uncertainty.

Effective oversight has been achieved with members of the Governing Body, making regular visits, participating in informal Zoom meetings and through telephone communication.

A review of governance was undertaken during the year which found that all areas of expertise required were sufficiently covered throughout the Governing Body.

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Governance statement for the year ended 31 August 2022 (continued)

The **finance committee** is a sub-committee of the main Governing Body. Its purpose is to ensure that all financial transactions and procedures are adhered to and robust, with particular emphasis being taken to ensure the Academies Financial Handbook, and schools financial policy is followed.

Trustee	Meetings attended	Out of a possible
Nicola Raggett	5	5
Lisa Darwood	1	5
Sarah McAneny	2	5
Nicola Redhead	5	5
Karen Slater	4	5

Review of value for money

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Governing Body where value for money can be improved, including the use of benchmarking data or by using a framework where appropriate. The accounting officer for the trust has delivered improved value for money during the year by:

The Reach Free School Trust collaborates with all schools within the South Network to provide alternative provision for students at risk of exclusion. As part of the South Network the school also collaborates with other schools to provide continuous professional development (CPD) for both teaching and support staff.

The school operates with a comprehensive set of financial controls and policies to ensure effective financial controls and governance. Regular reports are provided to Governors, with the Governing Body meeting regularly to monitor financial matters.

The full Governing Body approves the budget for each year whilst being mindful of the need to balance expenditure against income to ensure the school remains a good concern. Expenditure is regularly reviewed to ensure the best value for money is being obtained in the procurement of goods and services. The financial controls are subject to an annual audit prior to the production of the annual company accounts.

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 the academy trust's 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 The Reach School Free Trust for the period from 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

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Governance statement for the year ended 31 August 2022 (continued)

The Risk and Control Framework

The trust's system of internal financial control is based on a framework of regular management information and administrative procedures including 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 Governing Body;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- identification and management of risks.
- delegation of authority and segregation of duties

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Governing Body have decided to designate the Finance Committee with responsibility for financial matters, along with monthly scrutiny of financial reports.

On a termly basis, the Headteacher reports to the Governing Body, through the finance committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities and annually prepares a 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.

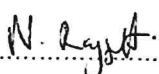
Review of Effectiveness

As accounting officer, Nicola Redhead (the Headteacher) 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 external auditor;
- the financial management and governance self-assessment process of the school resource management self-assessment tool;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance 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 13th December 2022 and signed on its behalf by:



Nicola Raggett
Chair of Trustees



Lauren Jacques
Accounting Officer

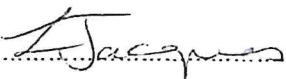
The Reach Free School Trust
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Statement of regularity, propriety and compliance
for the period ended 31 August 2022

As accounting officer of The Reach Free School Trust I have considered my responsibility to notify the academy trust 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 trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Trust Handbook 2021.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Trust Handbook 2021.

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

 Lauren Jacques – Accounting Officer

Date : 19/12/22

The Reach Free School Trust
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Statement of Trustees' responsibilities
for the period ended 31 August 2022

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

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

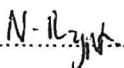
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the board of trustees on13/12/2022..... and signed on its behalf by:

.......... Nicola Raggett – Chair of Trustees

The Reach Free School Trust
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Independent Auditor's Report on the Financial Statements to the Members of
The Reach Free School Trust

Opinion

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

In our opinion the financial statements :

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

Basis for opinion

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

Conclusions relating to going concern

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

- Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
- Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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**Independent Auditor's Report on the Financial Statements to the Members of The Reach Free School Trust
(continued)**

Other information

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's 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 matter prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

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Independent Auditor's Report on the Financial Statements to the Members of The Reach Free School Trust
(continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 11], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 reviewed the academy's control and risk management procedures and planned our work based on our assessment of those controls and procedures;
- This review included an assessment of the risk of material misstatement due to errors, fraud and management override of controls for all material areas in the financial statements;
- We made enquiries of management and the academy's lawyers regarding any actual or potential litigation and/or claims;
- Financial statements disclosures were reviewed and checked for compliance with applicable laws;
- Detailed testing was conducted on balances and transactions including unusual items and those of individual significance to the financial statements;
- Data analytics were used in order to identify unusual or significant trends;
- Communications with management and those charged with governance regarding relevant matters was undertaken throughout the audit and on completion.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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Independent Auditor's Report on the Financial Statements to the Members of The Reach Free School Trust

(continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

15 December 2022

The Reach Free School Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to The Reach Free School Trust and the Education and Skills Funding Agency

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

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

Respective responsibilities of The Reach Free School Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Reach Free School Trust's funding agreement with the Secretary of State for Education dated 29 August 2013 and the Academies Trust Handbook, extant from 1 September 2021, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion includes :

- Consideration of the applicable legislation and the academy trust's funding agreement
- Review and evaluation of the academy trust's system of internal controls
- Examination and assessment of the Accounting Officer's statement on Regularity, Propriety and Compliance
- Examination, on a test basis, of third party evidence supporting income and expenditure
- Review of exceptional and unusual items

The Reach Free School Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to The Reach Free School Trust and the Education and Skills Funding Agency (continued)

Conclusion

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

A handwritten signature in blue ink, appearing to read 'Feltons'.

David W Farnsworth FCA (Reporting Accountant)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

15 December 2022

The Reach Free School Trust
(A Company Limited by Guarantee)

Statement of financial activities for the year ended 31 August 2022
(including income and expenditure account)

	Notes	Unrestricted funds £	Restricted pension fund £	Restricted general funds £	Restricted fixed asset funds £	Total 2021/22 £	Total 2020/21 £
Income from :							
Donations and capital grants	2	-	-	-	4,886	4,886	5,493
Charitable activities :	3						
Funding for the academy trust's educational operations		489,712	-	670,891	-	1,160,603	1,109,829
Investments	4	33	-	-	-	33	36
Total		489,745	-	670,891	4,886	1,165,522	1,115,358
Expenditure on :							
Charitable activities:							
Academy trust educational operations	5, 6	175,663	126,000	907,774	33,487	1,242,924	1,176,315
Total		175,663	126,000	907,774	33,487	1,242,924	1,176,315
Net income/(expenditure) before transfers		314,082	(126,000)	(236,883)	(28,601)	(77,402)	(60,957)
Transfers between funds	13	(220,000)	-	230,380	(10,380)	-	-
Net income/(expenditure) after transfers		94,082	(126,000)	(6,503)	(38,981)	(77,402)	(60,957)
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes	13, 22	-	687,000	-	-	687,000	(117,000)
Net movement in funds		94,082	561,000	(6,503)	(38,981)	609,598	(177,957)
Reconciliation of funds							
Total funds brought forward	14	318,203	(700,000)	18,627	1,425,519	1,062,349	1,240,306
Total funds carried forward		412,285	(139,000)	12,124	1,386,538	1,671,947	1,062,349

All of the Academy's activities derive from continuing operations during the above two financial periods.

The Reach Free School Trust
(A Company Limited by Guarantee)

Company number : 07960515
Balance sheet as at 31 August 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	10		1,386,538		1,420,025
Current assets					
Debtors	11	117,784		70,334	
Cash at bank and in hand		<u>529,789</u>		<u>349,701</u>	
		647,573		420,035	
Liabilities					
Creditors: amounts falling due within one year	12	<u>223,164</u>		<u>77,711</u>	
Net current assets			424,409		342,324
Net assets excluding pension liability			<u>1,810,947</u>		<u>1,762,349</u>
Defined benefit pension scheme liability	22		(139,000)		(700,000)
Total net assets	—		<u><u>1,671,947</u></u>		<u><u>1,062,349</u></u>
Funds of the academy trust :					
Restricted funds					
Fixed asset fund	13	1,386,538		1,425,519	
Restricted income fund	13	12,124		18,627	
Pension reserve	13	<u>(139,000)</u>		<u>(700,000)</u>	
Total restricted funds			1,259,662		744,146
Unrestricted income funds	13		412,285		318,203
Total funds			<u><u>1,671,947</u></u>		<u><u>1,062,349</u></u>

The financial statements on pages 18 to 39 were approved by the trustees, and authorised for issue on 13/12/2022 and are signed on their behalf by:

N. Raggett Nicola Raggett - Chair of Trustees

The Reach Free School Trust
(A Company Limited by Guarantee)

Statement of cash flows for the year ended 31 August 2022

	Notes	2021/22 £	2020/21 £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	17	175,169	(15,937)
Cash flows from investing activities	18	4,919	5,529
Change in cash and cash equivalents in the reporting period		<hr/> 180,088	<hr/> (10,408)
Cash and cash equivalents at 1 September 2021		349,701	360,109
Cash and cash equivalents at 31 August 2022	19	<hr/> 529,789	<hr/> 349,701

The Reach Free School Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2022

1. Accounting policies

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

1.1 Basis of preparation

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

1.2 Going concern

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

1.3 Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period 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.

The Reach Free School Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2022 (continued)

1. Accounting policies (continued)

1.3 Income (continued)

- **Other income**
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.
- **Donated goods, facilities and services**
Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in 'Stocks' and 'Income from Other Trading Activities'. Upon sale, the value of the stock is charged against 'Income from Other Trading Activities' and the proceeds are recognised as 'Income from Other Trading Activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from Other Trading Activities'.
- **Donated fixed assets**
Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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 academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable activities**
These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

The Reach Free School Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2022 (continued)

1. Accounting policies (continued)

1.5 Tangible fixed assets

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

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

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

Freehold buildings	- straight line over 50 years
Fittings and equipment	- 10% straight line
Computer hardware	- 25% straight line
Motor vehicles	- 25% straight line

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

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

1.6 Debtors

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

1.7 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.

1.8 Liabilities

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

The Reach Free School Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2022 (continued)

1. Accounting policies (continued)

1.9 Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

1.10 Financial instruments

The academy trust only holds basic financial instruments as defined by FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows :

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 Taxation

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

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

1.12 Pension benefits

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

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

The Reach Free School Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2022 (continued)

1. Accounting policies (continued)

1.12 Pension benefits (continued)

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

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

1.13 Fund accounting

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

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

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

1.14 Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Reach Free School Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2022 (continued)

2. Donations and capital grants

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	2021/22 Total £	2020/21 Total £
Capital grants	-	-	4,886	4,886	5,493
2021 total	-	-	5,493	5,493	

3. Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	2021/22 Total £	2020/21 Total £
DfE/ESFA grants					
General Annual Grant (GAG)	-	640,000	-	640,000	651,982
Other DfE Group grants					
Pupil premium	-	3,747	-	3,747	13,750
Others	-	3,315	-	3,315	-
	-	647,062	-	647,062	665,732
Other government grants					
Local authority grants	-	1,000	-	1,000	56,573
	-	1,000	-	1,000	56,573
Other income from the academy trust's educational operations	489,712	-	-	489,712	347,114
Covid-19 additional funding (DfE/ESFA)					
Recovery/Catch-up premium	-	6,000	-	6,000	15,360
Other DfE/ESFA Covid-19 funding	-	16,829	-	16,829	25,050
	489,712	23,829	-	513,541	444,097
	489,712	670,891	-	1,160,603	1,109,829
2021 total	347,114	762,715	-	1,109,829	

The Reach Free School Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2022 (continued)

4. Investment income

	Unrestricted funds £	Restricted funds £	2021/22 Total £	2020/21 Total £
Short term deposits	33	-	33	36
2021 total	36	-	36	

5. Expenditure

	Staff costs £	Non pay expenditure Premises £	Other £	2021/22 Total £	2020/21 Total £
Academy's educational operations					
Direct costs	769,953	13,699	107,772	891,424	642,971
Allocated support costs	222,084	52,672	76,744	351,500	533,344
	<u>992,037</u>	<u>66,371</u>	<u>184,516</u>	<u>1,242,924</u>	<u>1,176,315</u>
2021 total	951,879	66,729	157,707	1,176,315	

Net income/(expenditure) for the period includes :

		2021/22 £	2020/21 £
Operating leases	- plant and machinery	1,219	885
Depreciation		33,487	36,647
Fees payable to auditor	- audit	7,800	7,550
	- other services	-	750

6. Charitable activities

	Unrestricted funds £	Restricted pension fund £	Other restricted funds £	2021/22 Total £	2020/21 Total £
Educational operations					
Direct costs					
Educational operations	162,917	-	728,507	891,424	642,971
Support costs					
Educational operations	12,746	126,000	212,754	351,500	533,344
	<u>175,663</u>	<u>126,000</u>	<u>941,261</u>	<u>1,242,924</u>	<u>1,176,315</u>
2021 total	184,438	73,000	918,877	1,176,315	

The Reach Free School Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2022 (continued)

6. Charitable activities (continued)

	Educational operations £	2021/22 Total £	2020/21 Total £
Analysis of support costs			
Support staff costs	222,084	222,084	399,133
Depreciation	19,788	19,788	36,646
Technology costs	-	-	2,529
Premises costs	34,103	34,103	30,968
Legal services - other	17,889	17,889	-
Other support costs	49,836	49,836	55,768
Governance costs	7,800	7,800	8,300
Total support costs	351,500	351,500	533,344
2021 total	533,344	533,344	

7. Staff

a) Staff costs

Staff costs during the period were:

	2021/22 £	2020/21 £
Wages and salaries	659,652	669,393
Social security costs	69,111	62,595
Pension costs	263,274	219,891
	992,037	951,879

b) Staff numbers

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

	2021/22 Number	2020/21 Number
Teachers	5	5
Administration and support	13	13
Management	4	4
	22	22

c) Higher paid staff

	2021/22 Number	2020/21 Number
The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 on an annualised basis was :		
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1

The Reach Free School Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2022 (continued)

7. Staff (continued)

d) Key management personnel

The key management personnel of the academy trust 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 trust was £292,138 (2021: £331,101).

8. Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows :

N Redhead (principal and trustee)	
Remuneration	£70,000 - £75,000 (2021 : £70,000 - £75,000)
Employer's pension contributions paid	£15,000 - £20,000 (2021 : £15,000 - £20,000)
J Rawlings (staff trustee, appointed 1/9/21)	
Remuneration	£30,000 - £35,000 (2021 : £nil)
Employer's pension contributions paid	£5,000 - £10,000 (2021 : £nil)
A Miller (staff trustee, resigned 31/8/21)	
Remuneration	£nil (2021 : £25,000 - £30,000)
Employer's pension contributions paid	£nil (2021 : £5,000 - £10,000)

There were no travel and subsistence expenses paid to any trustee during the current or previous year.

Other related party transactions involving the trustees are set out in note 23.

9. Trustees' and officers' insurance

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

The Reach Free School Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2022 (continued)

10. Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer hardware £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2021 and at 31 August 2022	<u>1,635,773</u>	<u>24,165</u>	<u>81,205</u>	<u>45,461</u>	<u>1,786,604</u>
Depreciation					
At 1 September 2021	225,052	17,566	80,080	43,881	366,579
Charge for the year	28,365	2,417	1,125	1,580	33,487
At 31 August 2022	<u>253,417</u>	<u>19,983</u>	<u>81,205</u>	<u>45,461</u>	<u>400,066</u>
Net book values					
At 31 August 2022	<u>1,382,356</u>	<u>4,182</u>	<u>-</u>	<u>-</u>	<u>1,386,538</u>
At 31 August 2021	<u>1,410,721</u>	<u>6,599</u>	<u>1,125</u>	<u>1,580</u>	<u>1,420,025</u>

11. Debtors

	2022 £	2021 £
Debtors from operations	60,429	32,877
VAT recoverable	24,342	4,334
Prepayments and accrued income	33,013	33,123
	<u>117,784</u>	<u>70,334</u>

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Notes to the financial statements for the year ended 31 August 2022 (continued)

12. Creditors

	2022 £	2021 £
Amounts falling due within one year :		
Creditors from operations	-	6,595
Accruals and deferred income	7,338	5,028
Other creditors	215,826	66,088
	<u>223,164</u>	<u>77,711</u>

Included in other creditors are amounts of £215,826 due to Birmingham City Council for payroll costs which they have not drawn down and the trust held sufficient funds for the payment of these creditors. These have been paid off after the year end.

Also included within other creditors is a loan of £nil (2021 : £4,031) due to South Network. This loan was fully reimbursed during the year.

13. Funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2022 £
Restricted general funds					
General Annual Grant (GAG)	10,065	640,000	(868,321)	230,380	12,124
Pupil premium	-	3,747	(3,747)	-	-
Recovery/Catch-up premium	8,562	6,000	(14,562)	-	-
Other DfE/ESFA Covid-19 funding	-	16,829	(16,829)	-	-
Other grants	-	4,315	(4,315)	-	-
	<u>18,627</u>	<u>670,891</u>	<u>(907,774)</u>	<u>230,380</u>	<u>12,124</u>
Restricted fixed asset funds					
DfE Group capital grants	1,376,062	4,886	(32,321)	-	1,348,627
Capital expenditure from GAG	49,457	-	(1,166)	(10,380)	37,911
	<u>1,425,519</u>	<u>4,886</u>	<u>(33,487)</u>	<u>(10,380)</u>	<u>1,386,538</u>
Pension reserve	<u>(700,000)</u>	<u>-</u>	<u>(126,000)</u>	<u>687,000</u>	<u>(139,000)</u>
Total restricted funds	<u>744,146</u>	<u>675,777</u>	<u>(1,067,261)</u>	<u>907,000</u>	<u>1,259,662</u>
Unrestricted funds					
Other income	318,203	489,745	(175,663)	(220,000)	412,285
Total unrestricted funds	<u>318,203</u>	<u>489,745</u>	<u>(175,663)</u>	<u>(220,000)</u>	<u>412,285</u>
Total funds	<u>1,062,349</u>	<u>1,165,522</u>	<u>(1,242,924)</u>	<u>687,000</u>	<u>1,671,947</u>

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Notes to the financial statements for the year ended 31 August 2022 (continued)

13. Funds (continued)

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education and Skills Funding Agency and Birmingham City Council.

The academy trust is not subject to GAG carried forward limits.

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education and Skills Funding Agency and South Network Consortium where the asset acquired or created is held for a specific purpose.

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

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	8,143	651,982	(780,060)	130,000	10,065
Pupil premium	-	13,750	(13,750)	-	-
Catch-up premium	-	15,360	(6,798)	-	8,562
Other DfE/ESFA Covid-19 funding	-	25,050	(25,050)	-	-
Other grants	-	56,573	(56,573)	-	-
	<u>8,143</u>	<u>762,715</u>	<u>(882,231)</u>	<u>130,000</u>	<u>18,627</u>
Restricted fixed asset funds					
DfE Group capital grants	1,405,939	5,493	(35,370)	-	1,376,062
Capital expenditure from GAG	<u>50,733</u>	<u>-</u>	<u>(1,276)</u>	<u>-</u>	<u>49,457</u>
	<u>1,456,672</u>	<u>5,493</u>	<u>(36,646)</u>	<u>-</u>	<u>1,425,519</u>
Pension reserve	<u>(510,000)</u>	<u>-</u>	<u>(73,000)</u>	<u>(117,000)</u>	<u>(700,000)</u>
Total restricted funds	<u>954,815</u>	<u>768,208</u>	<u>(991,877)</u>	<u>13,000</u>	<u>744,146</u>
Unrestricted funds					
Other income	<u>285,491</u>	<u>347,150</u>	<u>(184,438)</u>	<u>(130,000)</u>	<u>318,203</u>
Total unrestricted funds	<u>285,491</u>	<u>347,150</u>	<u>(184,438)</u>	<u>(130,000)</u>	<u>318,203</u>
Total funds	<u>1,240,306</u>	<u>1,115,358</u>	<u>(1,176,315)</u>	<u>(117,000)</u>	<u>1,062,349</u>

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Notes to the financial statements for the year ended 31 August 2022 (continued)

14. Analysis of net assets between funds

Fund balances at 31 August 2022 are represented by:

	Unrestricted funds	Restricted pension funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	1,386,538	1,386,538
Current assets	412,285	-	235,288	-	647,573
Current liabilities	-	-	(223,164)	-	(223,164)
	<u>412,285</u>	<u>-</u>	<u>12,124</u>	<u>1,386,538</u>	<u>1,810,947</u>
Pension scheme liability	-	(139,000)	-	-	(139,000)
Total net assets	<u>412,285</u>	<u>(139,000)</u>	<u>12,124</u>	<u>1,386,538</u>	<u>1,671,947</u>

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

	Unrestricted funds	Restricted pension funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	1,420,025	1,420,025
Current assets	318,203	-	96,338	5,494	420,035
Current liabilities	-	-	(77,711)	-	(77,711)
	<u>318,203</u>	<u>-</u>	<u>18,627</u>	<u>1,425,519</u>	<u>1,762,349</u>
Pension scheme liability	-	(700,000)	-	-	(700,000)
Total net assets	<u>318,203</u>	<u>(700,000)</u>	<u>18,627</u>	<u>1,425,519</u>	<u>1,062,349</u>

15. Capital commitments

There were no capital commitments at 31 August 2022 nor at 31 August 2021.

16. Commitments under operating leases

At 31 August 2022 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	Total 2022 £	Total 2021 £
Amounts due within one year	<u>1,275</u>	<u>379</u>
	<u>1,275</u>	<u>379</u>

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Notes to the financial statements for the year ended 31 August 2022 (continued)

17. Reconciliation of net income/(expenditure) to net cash flow from operating activities	2021/22	2020/21
	Total	Total
	£	£
Net income/(expenditure) for reporting period (as per the SoFA)	(77,402)	(60,957)
Adjusted for :		
Depreciation (note 10)	33,487	36,647
Capital grants from DfE and other capital income	(4,886)	(5,493)
Interest receivable (note 4)	(33)	(36)
Defined benefit pension scheme cost less contributions payable (note 22)	114,000	65,000
Defined benefit pension scheme finance cost (note 22)	12,000	8,000
(Increase) / decrease in debtors	(47,450)	2,554
Increase / (decrease) in creditors	145,453	(61,652)
Net cash provided by / (used in) operating activities	175,169	(15,937)

18. Cash flows from investing activities	2021/22	2020/21
	Total	Total
	£	£
Interest received	33	36
Capital grants from DfE Group	4,886	5,493
Net cash provided by investing activities	4,919	5,529

19. Analysis of cash and cash equivalents	At	At
	31 August	31 August
	2022	2021
	£	£
Cash at bank and in hand	529,789	349,701
	529,789	349,701

20. Analysis of changes in net debt	At	Cash	Other	At
	31 August	flows	non-cash	31 August
	2021	£	changes	2022
	£		£	£
Cash at bank and in hand	349,701	180,088	-	529,789
	349,701	180,088	-	529,789

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Notes to the financial statements for the year ended 31 August 2022 (continued)

21. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

22. Pension and similar obligations

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

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

Contributions amounting to £15,036 (2021 : £13,436) were payable to the schemes at 31 August 2022 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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 four 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% employer administration charge)
- 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 Reach Free School Trust
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Notes to the financial statements for the year ended 31 August 2022 (continued)

22. Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The next valuation is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the year amounted to £83,376 (2021 : £97,864).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £67,000 (2021 : £64,000), of which employer's contributions totalled £50,000 (2021 : £51,000) and employees' contributions totalled £17,000 (2021 : £13,000). The agreed contribution rates for future years are awaiting confirmation from the actuary for employers and between 5.5% and 8.5% for employees.

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

The trustees have agreed that the trust will make additional contributions in addition to normal funding levels over the next 36 years.

Principal actuarial assumptions

	At 31	At 31
	August 2022	August 2021
Rate of increase in salaries	4.05%	3.85%
Rate of increase for pensions in payment / inflation	3.05%	2.85%
Discount rate for scheme liabilities	4.25%	1.70%
Inflation assumption (CPI)	3.05%	2.85%
Commutation of pensions to lump sums	50.00%	50.00%

Sensitivity analysis

	At 31	At 31
	August 2022	August 2021
	£'000s	£'000s
Discount rate +0.1%	(20)	(40)
Discount rate -0.1%	20	42
Mortality assumption 1 year increase	26	48
Mortality assumption 1 year decrease	(26)	(46)
CPI rate +0.1%	20	41
CPI rate -0.1%	(20)	(40)

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Notes to the financial statements for the year ended 31 August 2022 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	At 31 August 2022	At 31 August 2021
Retiring today		
Males	21.2	22.0
Females	23.6	24.2
Retiring in 20 years		
Males	22.9	23.9
Females	25.4	26.1

The academy trust's share of the assets in the scheme was :

	31 August 2022 £	31 August 2021 £
Equities	350,000	288,000
Bonds	110,000	68,000
Property	42,000	33,000
Cash and other liquid assets	20,000	17,000
Other	-	66,000
Total market value of assets	522,000	472,000

The actual negative return on scheme assets was 3.3% (2021 : £66,000 positive).

	2021/22 £	2020/21 £
Amount recognised in the statement of financial activities		
Current service cost	164,000	116,000
Interest income	(9,000)	(6,000)
Interest cost	21,000	14,000
Total amount recognised in the SoFA	176,000	124,000

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

	2021/22 £	2020/21 £
At 1 September 2021	1,172,000	853,000
Current service cost	164,000	116,000
Interest cost	21,000	14,000
Employee contributions	17,000	13,000
Actuarial gains/(losses) - financial assumptions	(712,000)	211,000
Actuarial gains/(losses) - demographic assumptions	(3,000)	(13,000)
Actuarial gains/(losses) - experience gains/losses	3,000	(21,000)
Benefits paid	(1,000)	(1,000)
At 31 August 2022	661,000	1,172,000

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Notes to the financial statements for the year ended 31 August 2022 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2021/22 £	2020/21 £
At 1 September 2021	472,000	343,000
Interest income	9,000	6,000
Return on assets less interest	(25,000)	60,000
Employer contributions	50,000	51,000
Employee contributions	17,000	13,000
Benefits paid net of transfers in	(1,000)	(1,000)
At 31 August 2022	522,000	472,000
Net pension scheme liability	(139,000)	(700,000)

23. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest.

The following related party transaction(s) took place during the period:

Income and expenditure related party transactions

Birmingham Education Partnership Limited

	2022 £	2021 £
Company in which trustee Timothy Boyes is CEO		
Services supplied by related party during the year	1,394	650

Queensbridge School

	2022 £	2021 £
School in which trustee Helen Reeves is head teacher		
Top up fees charged to related party during the year	23,246	5,000
Services supplied by related party during the year	95	-

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Notes to the financial statements for the year ended 31 August 2022 (continued)

23. Related party transactions (continued)

Kings Norton Girls

	2022	2021
	£	£
School in which trustee Nicola Raggett is head teacher		
Top up fees charged to related party during the year	15,000	10,000

Selly Park Girls

	2022	2021
	£	£
School in which trustee Lisa Darwood is head teacher		
Top up fees charged to related party during the year	23,501	700

The trust conducted all of these transactions at arm's length.

24. Contingent liabilities

Following the recent decision in the Harpur Trust vs Brazel case the trust is considering the potential liability in respect of this. At this time it is not possible to quantify any liability, if any, and no provision has been made in these accounts.