

The Alec Reed Academy

Annual Report and Financial Statements

31 August 2020

Company Limited by Guarantee
Registration Number
04444278 (England and Wales)

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Reference and administrative information

Members	Heather Flint BSocSc, MA Baba Abu BSc (Hons) Econ MBA Mike Phillips BSc (Hons) Eng.
Trustees	
Chair of Trustees	Louise Prince BA (Hons), BSc (Hons)
Vice Chair of Trustees	Heather Flint BSocSc, MA
Ex-Officio Trustee	Phil Cosby BSc (Hons), MA, PGCEL, NPQH
Trustee	Mike Phillips BSc (Hons) Eng.
Trustee	Emma Price MA (Hons), MA Leadership
Trustee	Baba Abu BSc (Hons) Econ MBA
Trustee	Phil Mead MREC
Trustee	Jeremy Martin Julian BEd (Hons)
Staff Trustee	Sofina Bhatti BA (Hons), PGCE
Staff Trustee	Megan Dick BA (Hons), PGCE, Med
Local Authority Trustee	Dee Martin BA (Hons)
Parent Trustee	Dee Morrison BA (Hons)
Parent Trustee	Tamana Sayed BSc (Hons)
Clerk	Rachel Warren
Company Secretary	Marghanita Muris BA (Hons), FCA
Senior Management Team	
Acting CEO & Principal	Phil Cosby BSc (Hons), MA, PGCEL, NPQH
Associate Principal and Primary Phase Headteacher	Anne Franklin C.Ed, NPQH, MA
Director of Finance and Resources	Marghanita Muris BA (Hons), FCA
Registered address	Alec Reed Academy Bengarth Road Northolt Middlesex UB5 5LQ
Company registration number	04444278 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers Lloyds Bank
2nd Floor
25 St Georges Street
London
W1S 1FS

Solicitors Wilsons
Alexandra House
St Johns Street
Salisbury
SP1 2SB

Trustees' report Year to 31 August 2020

The Trustees present their report together with the financial statements of The Alec Reed Academy and Group for the year ended 31 August 2020. The Group consists of the Alec Reed Academy ("the Academy" or "the Academy Trust") and Alec Reed Academy Enterprise Limited.

The financial statements have been prepared in accordance with the accounting policies set out on pages 32 to 37 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity regulated by the Department for Education. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. The trustees of The Alec Reed Academy are also directors of the charitable company for the purposes of company law. The charitable company is known as The Alec Reed Academy.

Details of the trustees who served during the year and up to the date of approving this report 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 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 £1, for the debts and liabilities contracted before he/she ceases to be a member.

Trustees' indemnities

The Academy holds insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Further details are provided in note 12.

Principal activities

The principal activity of the Academy is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum.

The Academy operates a subsidiary company Alec Reed Academy Enterprise Limited (Company Registration Number 07783289). The principal activity of the company was that of operating some of the commercial activities of the Academy (see note 11). The company distributes any surpluses to the Academy, to the extent that it has sufficient reserves.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees

The Trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following Trustees were in office at the date of approval of these financial statements and served throughout the year except where shown.

Trustee	Appointed/Resigned	Appointing body other than Board
Richard Taylor	Resigned 1 July 2020	Reed Foundation
Heather Flint		Reed Foundation
Louise Prince		
Sofina Bhatti		
Baba Abu		
Mike Phillips		
Dee Martin		
Dee Morrison		
Tamana Sayed		
Megan Dick	Appointed 2 October 2019	
Emma Price		
Allison Moise-Dixon	Resigned 31 August 2020	
Phil Cosby	Appointed 1 September 2020	
Jeremy Martin Julian	Appointed 11 March 2020	
Phil Mead	Appointed 7 October 2020	

Method of recruitment and appointment or election of Trustees

The Articles of Association state the Members of the Trust shall comprise the authorised representative of the Principal Sponsor, Reed Foundation, up to four persons appointed by the Principal Sponsor and one person appointed by the Secretary of State. The Articles of Association require the Members to appoint at least three and no more than fifteen trustees, unless otherwise determined by ordinary resolution. The Trustees shall include the members, parent Trustees, staff Trustees and may include a LEA governor and up to four co-opted Trustees. Staff and parents are invited by the Academy to nominate representatives for election.

Policies and procedures adopted for the induction and training of Trustees

The Board of Trustees looks to ensure a mix of skills and appoint new Trustees based on background, experience, representation and specialist skills. It has recently undertaken a skills audit and is recruiting a governor with educational expertise in Primary to address a perceived gap. The training and induction provided for new Trustees depends on their existing experience and will be tailored accordingly. Where necessary, induction provides training on student safeguarding, charity, educational, and financial matters. All new Trustees are inducted to the Academy, are linked to a curriculum department to share their expertise and meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role as Trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

The Board of Trustees normally meets four times a year to set the strategic direction and policies of the Academy, review performance, take key decisions including adopting the Annual Report and Financial Statements, Budget, Academy Improvement Plan and to review the Corporate Risk register. It has formed an Education Committee, Finance & Resources Committee, Audit Committee and Human Resources Committee to take a more detailed look at areas and to advise the Board of Trustees in their decision making. These committees each meet between 2 and 5 times a year.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body has approved a Pay Policy, which is reviewed annually by the Human Resources Committee. This sets out the parameters for determining remuneration. Key management personnel are the Governing Body, the Principal and Chief Executive, Director of Finance and Resources and Associate Principal-Head of Primary Phase and cross Phase links. Performance pay may be awarded to staff if they exceed their performance targets and awards are reviewed by the Human Resources Committee.

Trade union facility time

The Academy does not employ any staff acting in the capacity of trade union officials. Four members of staff informally represent staff but there was no cost to the Academy for any time spent doing this. The Academy contributed £2,184 to London Borough of Ealing towards the cost of providing Trade Union services to schools in 2019/20.

Related Parties and other Connected Charities and Organisations

The Reed Foundation sponsors The Alec Reed Academy and since the Academy's founding on 1 September 2003, has donated £2,587,091 to assist the Academy in achieving its objectives.

Reed Foundation has a 19% share in Reed Global Ltd, which is the Parent company of Reed Online Limited and Reed Specialist Recruitment Ltd. These are companies with which the Academy has related party transactions. These transactions are disclosed at note 25.

Reed Foundation has appointed trustees who are employed by Reed companies. Richard Taylor, who was an employee of Reed Specialist Recruitment and the former Chair of the Board, resigned from the Board on 1 July 2020. Phil Mead, an employee of Reed Recruitment was appointed to the Board on 7 October 2020.

The Academy employs teachers who are registered with Teach First's teacher training programme. Teach First is a registered charity which aims to reduce educational inequalities in the UK. Emma Price, trustee, is employed by Teach First.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Management

The day to day management of the Academy is undertaken by the Principal and Chief Executive with the support of the Senior Leadership Team ('SLT'). During the year to 31 August 2020, this consisted of the two Associate Principals and the Director of Finance and Resources. The SLT manages the Academy at an executive level, implements the policies agreed by the Board of Trustees and reports back to it. As a group, it is responsible for the authorisation of spending within agreed budgets and making recommendations regarding the appointment of staff. The SLT is supported by extended leadership teams in the Primary and Secondary phases.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the Academy is to provide education for children of different abilities between the ages of three and nineteen.

In accordance with the Articles of Association, the Academy has adopted a "Scheme of Government" approved by the Secretary of State of the Department for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science and technology and their practical applications.

Objectives, strategies and activities

The Academy has a distinctive ethos which guides our work and the education of our children and young people. The Academy's aim is to prepare children for adult life and this underpins our mission which is to:

- ◆ provide high quality education and a thirst for life-long learning;
- ◆ enable everyone to enjoy success and achievement;
- ◆ promote confidence and a strong sense of personal worth;
- ◆ have high expectations which will be reflected in the targets set for staff and students alike;
- ◆ harness the energies of children, students, staff, parents and local community to establish a genuine partnership with the Academy for the benefit of all;
- ◆ establish a business-like ethos by beliefs in values and attitudes such as hard work, honesty, respect and concern for others;
- ◆ provide quality opportunities for the spiritual, moral, social and cultural development of our children and young people; and
- ◆ ensure that the effectiveness of all Academy staff is maintained and developed through continuous professional development.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

The Academy's Self Evaluation Summary ('SES') is aligned with the Academy Improvement Plan ('AIP') to deliver these aims. This plan identifies the development priorities for the Academy directly related to pupil outcomes and performance. These priorities are cascaded down to, and aligned with departmental and curriculum action plans and appraisal targets to meet the Academy's strategic focus and objectives. Planned outcomes and the impact of achieving the objectives are clarified within the AIP.

Progress towards objectives is rigorously monitored through regular line management meetings, leadership and pupil progress forums and formal reviews at regular intervals.

Public Benefit

In setting the Academy's objectives and planning its activities, the Board of Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Achievements and performance

Following the closure of all schools on 23 March 2020 due to the coronavirus pandemic, the Academy remained open on a partial basis for vulnerable pupils and for children of keyworkers in the Primary Phase. Teaching, hot dinners and all support services were provided throughout this period. In addition, food vouchers were sent to all pupils who were eligible for free school meals and were not attending the Academy. This was at a direct cost to the Academy of £31,000 in addition to vouchers obtained through the national scheme. The Academy reopened on 15 June and pupils returned on a phased basis, prioritising pupils in nursery, reception, years 1, 6, 10 and 12, but aiming to have face to face time with all pupils before the break for the summer.

Considerable effort was spent reviewing and moderating all the pupil assessments compiled by teachers before submitting to the relevant examination boards for their moderation and publication of national exam results. The results of student performance are shown in the tables below and are compared to the national averages.

National assessment

There are national assessment frameworks for pupils completing Key Stage 2 (Primary), Key Stage 4 (Secondary) and Key Stage 5 (Post 16). The outcomes from these assessments are shown in the following tables with national average comparators. In 2020, due to the coronavirus pandemic and schools being closed between March and June, these assessments were based on the teacher recommended assessments, moderated by the curriculum team leaders and the leadership team.

Key Stage 2 assessments

The end of Key Stage 2 assessment is taken by pupils in their final term in Primary. The assessment encompasses reading, writing, maths, and grammar and punctuation and the combined attainment to the expected standard was 69%. The national release of statistics was cancelled this year. Individually, 73% of pupils achieved expected standard in writing and 71% achieved expected standard in maths. Several actions have been put in place to improve outcomes for the coming year, in particular with regard to pupil performance in maths.

OBJECTIVES AND ACTIVITIES (continued)

Achievements and performance (continued)

Key Stage 2	Attainment in reading writing & maths combined		Reaching the expected standard in:			
	Reaching the expected standard	Reaching greater depth	Reading	Writing teacher assessment	Maths	Grammar, punctuation & spelling
2020: Alec Reed Academy	67%	12%	71%	73%	71%	81%
2020: National average	Not released	Not released	Not released	Not released	Not released	Not released
2019: Alec Reed Academy	57%	8%	64%	72%	78%	85%
2019: National average	65%	11%	73%	78%	79%	78%

Key Stage 4 Accountability Measures

The key accountability measures for KS4 (GCSE) are shown below. The 2020 KS4 cohort was our most able to date based upon their prior ability (KS2 APS for this cohort was 28 compared to 27.1 for the 2019 cohort). There were 170 pupils in the cohort and of these only 88 (52%) completed the Key Stage 2 assessments in Primary and so counted in the Progress 8 score, with 78 (46%) of the cohort starting with us in year 7. We had 59 (35%) students join in year 10 over the course of the academic year and 36 of these students came from abroad, mainly from the Indian sub-continent (coming to Britain before the completion of Brexit). This has changed the make-up of this cohort quite dramatically. In previous years, many of our late arrivals to the year group have come from other local authority schools, a significant number being disaffected and therefore negatively impacting on our results.

Results were above the FFT 50 target and 'My School targets' and this is reflected in the final Progress 8 score which places the Academy in the 'above average' category in comparison to schools nationally based on previous national data. Progress 8 is a value-added measure and calculates the progress made by each student from primary school therefore it only includes the data of pupils that completed key stage 2 assessments.

	2020		2019	
	ARA	National Average	ARA	National Average
Secondary GCSE KS4				
Grade 5 or above in English & Maths	37%	Not released	31%	z43%
Grade 4 and above English & Maths	56%	Not released	54%	65%
Attainment 8	44	Not released	41	46
Progress 8	0.44	Not released	-0.24	-0.25

OBJECTIVES AND ACTIVITIES (continued)

Achievements and performance (continued)

Post 16 Key Stage 5 Assessments

Post 16	2020	2019	2018	2017
A2 pass A-E	97%	93%	95%	89%
Average grade				
• Academic	C+	C-	C-	C-
• Vocational*	Merit	Merit	Merit	Distinction

Ofsted assessment

In April 2015, the Academy had a full inspection by Ofsted. The Inspection concluded that the Academy is a 'Good School' and its overall effectiveness was assessed to be 'Good'. The Academy received a further short Ofsted Inspection (under the Section 8 Short Inspection Framework) in June 2018. In the highly positive report, Ofsted fully recognised the continuous progress that has been achieved across the Academy since the previous inspection and assessed the Academy to be 'Good'. The reports are available on the Ofsted web site at <https://reports.ofsted.gov.uk/provider/28/134369>

Key performance indicators

Academy's pupil numbers grew from 1,582 in 2019 to 1,599 in 2020, as recorded in the Autumn census.

The figures below are for the 2018/19 academic year, which is the latest year for which performance results have been published.

	Academy, all phases	National average (state schools)
Pupils with an SEN Education, Health and Care Plan	1.1%	1.7%
Pupils with SEN Support	12.2%	10.8%
Pupils whose first language is not English	60.2%	16.9%
Pupils eligible for free school meals	38.6%	27.7%
Attendance 2018/19 pupils age 5 to 15		
Authorised or unauthorised, across the full academic year.	6.1%	5.5%
The percentage of pupils missing 10% or more of the mornings or afternoons they could attend, meaning that if a pupil's overall rate of absence is 10% or higher across the full academic year they will be classified as persistently absent.	17.1%	13.7%

OBJECTIVES AND ACTIVITIES (continued)

Key performance indicators (continued)

The proportion of students for whom the Academy receives the Pupil Premium is 37% (2018/19: 37%), which is above the national average. Pupil Premium is additional government funding for children known to be eligible for free school meals at any time in the last six years, children in the care of the local authority and children from forces' families.

Pupil mobility levels are high; an above-average proportion of students join the Academy as casual admissions at times other than the usual admission periods.

Awards Granted

The Academy continuously strives to improve its quality and standards and has been granted several awards. They are:

- ◆ Investor in Community Engagement;
- ◆ Disability Confident Employer; and
- ◆ Investor in Careers (Stage 3).

Going concern

After making appropriate enquiries and considering the impact of the Coronavirus pandemic on the financial position of the Academy, the Trustees have a reasonable expectation that the Academy 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. It has made this assessment in respect to a period of at least one year from the date of approval of these financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies on page 32.

Financial review

Financial report for the year

The Academy's financial result for the year ended 31 August 2020 is an operational surplus of £315,000 compared to a surplus of £791,000 in 2018/19, after excluding "non-cash" adjustments. Non-cash adjustments are made for depreciation on fixed assets providing for the cost of their renewal, and the estimated cost of pensions. These non-cash adjustments are made to the accounts to comply with financial reporting standards to show the true cost of fixed assets and pensions.

Most of the Academy's income is received from the Education and Skills Funding Agency ('ESFA') in the form of the grants which are based on numbers of students on roll. This year we received an increase of £1.2 million in the grants, the main ones being the General Annual Grant ('GAG') and Pupil Premium. The year on year volatility in pupil numbers and linked funding, the receipt additional grants part way through the year and the partial closure of the Academy for five months, all contributed to the surplus arising at the year end.

Financial review (continued)

Financial report for the year (continued)

Pupil Premium is received for pupils economically disadvantaged and during the period the Academy received £619k (2018/19: £575k) which was used to close the attainment gap for these pupils. Grants were also received from the local authority for early years' provision and supporting pupils with high education needs. In 2019/20, the Academy received £580k compared to £520k in the previous year.

The impact of Covid-19 on our finances was mixed. Our trading activities and lettings incurred losses amounting to over £160k and we spent £32k on free school meal vouchers for parents but the partial closure from March to June 2020 resulted in savings across most budget areas including reduced energy costs, resources and temporary cover staff.

Overall, there is a reduction in funds amounting to £76k compared to a decrease of £3.0m in 2018/19, as shown in the Consolidated Statement of Financial Activities ('SoFA') on page 28. The variation in funds is largely caused by the volatility of the valuation of the Academy's share of the deficit on the Local Government Pension Scheme Fund, as measured in accordance with Financial Reporting Standard 102 ('FRS102'). In 2019/20 there was an actuarial gain of £600k compared to a loss of £2.4m in 2018/19.

The deficit on the Pension Fund is £5.4m, a small reduction from last year of £5.5m. The basis for valuing the Fund for financial reporting purposes, is distinct from the methodology used for the Triennial Valuation of the Fund on which employer contributions are based. There was a triennial valuation of the Pension Fund as at 31 March 2019 and the employer contribution rates increased to 17.4% of salary from 14.6% on 1 April 2020. A £111,390 lump sum was also payable for the past service deficit.

At 31 August 2020 the net book value of fixed assets was £35.6m (2018/19: £36.2m) and movements in fixed assets are shown in note 13 to the Consolidated Financial Statements. Fixed assets purchased in the year totalled £524,000 (2018/19: £94,000) which was a significant programme and included:

New assets	£000
Astro pitch upgrade	141
Computers for staff and students	105
Upgrade IT servers and WiFi	59
CCTV upgrade	45
External shelter for students	58
Interactive teaching boards	60
Refurbishment of boys changing rooms	13

Financial review (continued)

Financial and risk management objectives and policies

Trustees have assessed the major risks to which the Academy is exposed and reviewed mitigating actions to manage each risk. The Academy has implemented several systems to assess and manage operational risks, in areas such as teaching, ICT, health and safety, student safeguarding and school trips. Operational procedures such as staff training, vetting of new staff and visitors, supervision of school grounds, ICT back-up and internal financial controls are in place to minimise risk.

Reserves policy

The Group held general restricted and unrestricted reserves at the end of the year totalling £3.1m (2018/19: £2.8m).

Trustees annually review the level of general reserves held by the Academy. This review encompasses consideration of the needs of the Academy over the medium term to ensure the Academy's continued financial sustainability, to ensure it has enough liquidity to meet operational liabilities and to invest in the infrastructure of the building and improve facilities available for teaching and learning. This year the reserves increased by £0.3 million due to the Academy's operational surplus.

Plans are in place to use the reserves. The Academy has earmarked £1.6m to invest in capital projects to upgrade the building infrastructure, LED lighting to generate energy efficiencies, improvements to fire safety arrangements, equipment and remodelling of the Reception.

Included in the total reserves is a cumulative deficit of £95k (2018/19: £103k) incurred by the subsidiary, Alec Reed Academy Enterprise Ltd. This arises from operational losses made by the Community Sports Centre since 2011. The Academy has an improvement plan in place to recover this deficit reserve over the medium term and the subsidiary achieved a small surplus of £8k in the year, despite the impact of Covid-19 and the closure of the Community Sports Centre in March 2020. Future income is uncertain due to continuing impact of Covid-19 on our operations.

The Academy's share of the deficit on the London Borough of Ealing's Local Government Pension Scheme is calculated each year by an actuary in accordance with financial reporting standards and totalled £5.4m (2018/19: £5.5m), a reduction of £142k. The deficit includes an adjustment of £228k for the McCloud legal case that has concluded in 2018/19. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges and firefighters' schemes, as part of the reforms, amounted to unlawful discrimination. The principle established in this ruling extends to Local Government Pension Schemes. As a result of this, there was an adjustment to the pension liability of academy trusts within the schemes in 2018/19, although there is uncertainty as to the applicability. Overall, there is continuing uncertainty over the cost to the Academy of this final and career average salary scheme in cash terms, but the current policy is to finance the deficit over time, meeting any increases in employer contributions recommended by the Actuary for the Scheme following the triennial valuation and to make an additional contribution to the deficit.

Financial review (continued)

Investment policy

The Academy's Scheme of Delegation delegates responsibility to the Finance and Resources Committee for managing the investment of surplus funds. The investment policy and annual report is reviewed by the Finance and Resources Committee. The investment objectives are to:

- ◆ achieve the best financial return available whilst ensuring that maintaining the security of deposits takes precedence over revenue maximisation;
- ◆ invest funds that are surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn; and
- ◆ manage asset risk through diversification of investments.

In complying with its policy, the Academy ensures that all investment decisions are exercised with care and skill and consequently are taken in the best interests of the Academy, whilst commanding broad public support.

PRINCIPAL RISKS AND UNCERTAINTIES

Corporate risks are presented in a risk register which quantifies the likelihood of each risk occurring and the impact of the risk on the Academy's operations should it occur. High scoring risks are categorised as 'red risks' and subject to close monitoring by the leadership and Trustees. This year, the Academy has published a more detailed risk assessment for managing and mitigating the risks presented by the outbreak of coronavirus and regularly reviews and updates this to ensure the Academy's arrangements are compliant and support the safe opening of the Academy. The following risks have been identified as red risks:

Risk	Actions being taken to manage the risk
<p>Covid-19</p> <ul style="list-style-type: none"> • Risk of outbreak of coronavirus infection within the Academy leading to partial or full closure. • Student learning being severely impaired by the disruption to teaching and learning. • Deterioration of staff and pupil health and wellbeing. 	<p>Regular review and update of the Academy's Risk Assessment to mitigate all risks preventing the safe opening of the Academy for staff and pupils, complying with Government guidance and Health and Safety legislative requirements.</p> <p>Regular communications with all stakeholders: parents and carers, pupils, staff and unions, trustees, and local authority.</p> <p>Creating plans for the possibility of academy closure partial or total (as a last resort) setting out how we will ensure continuity of education should students be required to remain at home. Including an approach to 'blended learning' so that learning can take place in a physical classroom, online or a combination of both when some students will be in school and some at home.</p>

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk	Actions being taken to manage the risk
<p>Demographic change linked to Brexit is affecting pupil numbers across the Academy.</p> <ul style="list-style-type: none"> • Primary students are starting to decline in Reception and year 3 indicating a possible need to amend our PAN (pupil capacity) in the future. • The Secondary Phase experienced a significant growth in pupils, 35% over 2 years, and is under pressure to rapidly respond to the increase in demands. • Pupils entering Post 16, has declined challenging our ability to offer a balanced and viable curriculum in Post 16. 	<p>The secondary leadership structure has been enhanced and curriculum plans reviewed to accommodate pupil growth. Additional staff have been recruited and systems and procedures are being reviewed to ensure they remain effective.</p> <p>As the pupil growth moves up the school, Post 16 will benefit from increased numbers.</p>
<p>Migration to Office 365 and Teams - staff and pupil not being sufficiently supported to use the new systems to their full potential impacting on their ability to perform their roles, in the Academy or whilst working remotely.</p>	<p>A training programme is being put in place and a survey will be carried out of staff and students to assess completeness of the training.</p>
<p>Viruses infecting the Network and cyber-crime resulting in fraudulent payments.</p>	<p>The Academy has revised its Network Security policy to strengthen arrangements and staff have been trained to observe the new requirements. All data is regularly backed up and so can be restored if hacked.</p>

FUNDRAISING

The Academy has held a few small fundraising events during the year including Christmas jumper day and Christmas fair with the Parent and Staff Association. The Academy does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year, no complaints or issues have arisen because of the fundraising events. The Fundraising is normally for named charities or for the Parent and Staff Association.

PLANS FOR FUTURE PERIODS

Within the context of the Coronavirus pandemic, the Academy continues to strive to implement its strategic aims of providing an excellent education to all the students it serves, and to be prepared to provide this in the Academy or in students' homes. To this end, the Academy seeks to achieve an outstanding rating as confirmation that it has met these aims in the context of being an all through academy - meeting the needs of children and young people from the ages of 3 to 18. Our core aims, which feature in our Academy improvement plans, include securing excellent outcomes from starting points, improving pupil attendance across all phases and decreasing persistent absence, and building on the Academy's reputation within the local community so that ARA is a 'first choice' school and community provision. Our plans for the coming years include the following:

- ◆ creating an innovative all through curriculum,
- ◆ embedding effective transition for all phases,
- ◆ Using IT to facilitate a range of teaching and learning methods,
- ◆ working closely with all our stakeholders to continually find ways of improving the educational provision that the Academy provides.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

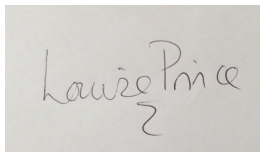
No funds are held as a custodian trustee.

AUDITOR

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the members of the Board of Trustees and signed on its behalf by:

A rectangular box containing a handwritten signature in cursive script that reads "Louise Prince".

Louise Prince

Chair of Trustees

Date: 9 December 2020

Scope of responsibility

As Trustees, we acknowledge that we have overall responsibility for ensuring that the Academy Group (which consists of The Alec Reed Academy and Alec Reed Academy Enterprise Ltd) has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Principal and Chief 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 the Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for 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 four times during the year and additionally is supported by more frequent meetings of the Education, Finance & Resources, Audit, and Human Resources committees, to which responsibilities have been formally delegated in the Scheme of Delegation. The strategic business of the Board of Trustees is identified and scheduled to occur across the four meetings. Since March and the partial closure of the Academy due to Covid, meetings have continued online to ensure governance is not affected. The Chair of Trustees, Richard Taylor, resigned at the end of the academic year and Louise Prince was appointed as the new Chair of Trustees on 1 July 2020.

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

Governor	Meetings attended	Out of possible
Richard Taylor (Chair to 1 July 2020)	4	4
Louise Prince (Chair from 1 July 2020)	3	4
Heather Flint	4	4
Allison Moise-Dixon	4	4
Jeremy Julian	1	1
Baba Abu	4	4
Mike Phillips	3	4
Dee Morrison	4	4
Dee Martin	2	4
Sofina Bhatti *	1	2
Tamana Sayed	1	4
Emma Price	4	4
Megan Dick	3	3

* Trustee on maternity leave

Governance (continued)

Governance reviews

The Board of Trustees has continued to review its involvement in the operations of Academy and its strategic direction, and trustees have extended their involvement by each partnering a curriculum area and taking the lead for a policy area. This has increased the impact and effectiveness of the Board of Trustees. Governor skill sets are reviewed, and new trustees recruited as necessary with appropriate skills. Future plans include members of the Board being assigned a leadership team member so that they can also have oversight of the strategic leadership roles within the Academy.

The Finance and Resources Committee is a committee of the Board of Trustees. Its purpose is to assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

Governor	Meetings attended	Out of possible
Baba Abu	4	4
Allison Moise-Dixon	4	4
Richard Taylor	4	4
Mike Phillips	3	4

The Audit Committee met to oversee the Academy's arrangements for risk assurance, preparing the financial statements, the appointment of the external and internal auditors and to review their audit and assurance letters.

Governor	Meetings attended	Out of a possible
Baba Abu	2	2
Richard Taylor	2	2
Mike Phillips	2	2

Review of Value for Money

As Accounting Officer, the Principal and CEO 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 available. This year has been challenging with partial closure, supply shortages and the need to source PPE and resources to support social distancing at short notice when the resources were in short supply. The Academy has also been mindful of the Government guidance to academies and has continued to support all its contractors at risk. The lockdown presented an opportunity to undertake works that are normally confined to the summer break and contractors were given access to parts of the Academy site not being used. No staff were furloughed and agency staff who had a long term commitment with the Academy continued to be paid even though they were not being used on a full-time basis. The Accounting Officer for the Academy has delivered value for money during the year by:

Review of Value for Money (continued)

- ◆ Continuing to make effective use of information about student progress for teachers to use to tailor teaching approaches and interventions, motivate students and to involve and inform parents and carers.
- ◆ Collaborating with other academies through the PiXL Club, Partners in Excellence, which is a partnership of over 1,400 secondary schools, 450 sixth forms, 900 primary schools and 50 providers of alternative education. The Club supports the promotion of excellence for pupils and improves life chances for young people through improved educational achievement and enhanced self-esteem to connect them to worthy progression routes in the next stage of their education.
- ◆ Identifying savings as part of the medium-term budget strategy through rigorous uptake of competitive quotes, retendering of contracts, managing staff recruitment and energy efficiency. This year £35,000 was saved on recruitment fees due to successful direct recruitment and £40,000 on energy usage by careful management and the partial lockdown.
- ◆ Optimising income generation through letting areas of the Academy to community organisations, using the site for filming, sports lettings, and hospitality services. This year, due to Covid 19 and school closure, income generation was severely curtailed after March 2020 resulting in lost income totalling over £160,000. The reduced in fund raising will continue into 2021 and income in the budget has been reduced accordingly.
- ◆ Reduced use of temporary staff used to cover for sickness resulted in savings of £36,000 on the budget.

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 Alec Reed Academy and Group'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 Alec Reed Academy and Group for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which The Alec Reed Academy and Group is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing The Alec Reed Academy and Group's significant risks that has been in place for the year ending 31 August 2020 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 Alec Reed Academy and Group'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. It includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget, medium term financial forecast which are reviewed and agreed by the Board of Trustees;
- ◆ monthly management accounts regular reviews by the Finance & Resources Committee of financial performance against the forecasts, major purchase plans, capital works and expenditure programmes;
- ◆ scrutiny of internal controls by the Audit Committee;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ benchmarking financial performance with similar academies;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The Board of Trustees has considered the need for an internal audit function and appointed Stephen Meredith from Alliotts Chartered Accountants to perform an Internal Scrutiny assurance role looking at the control environment and regulatory structure of the Academy on an agreed upon work program designed to review all significant financial control processes. The appointment is compliant with the newly revised FRC Ethical Standard and the role includes giving advice on financial matters and performing a range of checks on The Alec Reed Academy and Group's financial systems. The checks carried out in the current period included:

- ◆ Asset management
- ◆ Financial efficiency
- ◆ Financial controls & procedures during the Covid-19 pandemic and remote working.

Stephen Meredith concluded "from the work that we have carried out, our assessment indicates that the academy has sound processes in the areas that we looked at for our review: asset management, financial efficiency and financial controls and procedures during the Covid-19 pandemic. The work was carried out over two visits over the course of the financial year in March and July"

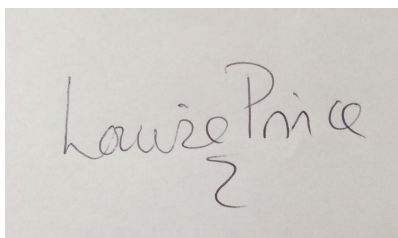
Review of effectiveness

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

- ◆ the work of the internal scrutiny programme;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self-assessment process;
- ◆ the review of the Audit Committee; and
- ◆ the work of the executive managers within the Academy 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 and plans to address weaknesses and ensure continuous improvement of the system is in place.

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

A photograph of a handwritten signature in black ink on a light-colored surface. The signature reads "Louise Prince" with a small flourish underneath.

Louise Prince
(Chair of Trustees)

A photograph of a handwritten signature in black ink on a light-colored surface. The signature is stylized and reads "Phil Cosby".

Phil Cosby
(Acting Accounting Officer)

Date: 9 December 2020

Statement of regularity, propriety and compliance 31 August 2020

As Accounting Officer of The Alec Reed Academy, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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

A handwritten signature in black ink, appearing to read 'Phil Cosby', with a long horizontal stroke extending to the right.

Phil Cosby
Acting Accounting Officer
Date: 9 December 2020

Statement of governors responsibilities 31 August 2020

The Trustees (who act as trustees for the charitable activities of the Academy and are also the directors of the Academy for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued 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 Academy 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 2015 and the Academies Accounts Direction 2019 to 2020;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) 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 Academy will continue in operation.

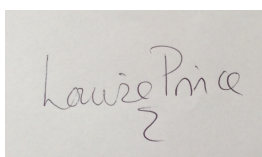
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Academy 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 Academy 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 charity and financial information included on the Academy's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Louise Prince
Chair of Trustees
Date: 9 December 2020

A rectangular box containing a handwritten signature in cursive that reads "Louise Prince".

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE ALEC REED ACADEMY

Opinion

We have audited the financial statements of The Alec Reed Academy (the 'parent Academy') and its subsidiary (the 'Group') for the year ended 31 August 2020 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 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Academy's affairs as at 31 August 2020 and of the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE ALEC REED ACADEMY (CONTINUED)

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.

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.

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.

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 Auditor's 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 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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Hugh Swainson (Senior statutory auditor)

for and on behalf of

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL



Date: 16.12.2020

THE ALEC REED ACADEMY
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE ALEC REED ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Alec Reed Academy during the year 1 September 2019 to 31 August 2020 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 Alec Reed Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Alec Reed Academy 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 Alec Reed Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Alec Reed Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Alec Reed Academy's funding agreement with the Secretary of State for Education dated 17 June 2003 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 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.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

THE ALEC REED ACADEMY
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE ALEC REED ACADEMY 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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Hugh Swainson

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

A handwritten signature in black ink that reads "Buzzacott LLP". The signature is written in a cursive, slightly slanted style.

Date: 16.12.2020

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from:						
Donations and capital grants	4	1	-	27	28	99
Charitable activities	5	-	11,069	-	11,069	9,820
Other trading activities	6	702	-	-	702	925
Investments	7	25	-	-	25	16
Total income		728	11,069	27	11,824	10,860
Expenditure on:						
Raising funds	8	839	-	-	839	653
Charitable activities	8	1	10,605	1,055	11,661	10,812
Total expenditure		840	10,605	1,055	12,500	11,465
Net (expenditure)/ income		(112)	464	(1,028)	(676)	(605)
Transfers between funds	19	-	(495)	495	-	-
Net movement in funds before other recognised gains		(112)	(31)	(533)	(676)	(605)
Other recognised gains:						
Actuarial gains/(losses) on defined benefit pension schemes	25	-	600	-	600	(2,441)
Net movement in funds		(112)	569	(533)	(76)	(3,046)
Reconciliation of funds:						
Total funds brought forward		2,367	(5,012)	36,192	33,547	36,593
Net movement in funds		(112)	569	(533)	(76)	(3,046)
Total funds carried forward		2,255	(4,443)	35,659	33,471	33,547

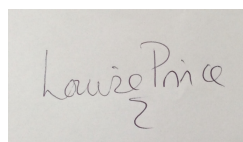
The Consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 31 to 52 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2020**

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	16	35,659	36,188
		<u>35,659</u>	<u>36,188</u>
Current assets			
Debtors	17	429	380
Cash at bank and in hand		3,798	3,429
		<u>4,227</u>	<u>3,809</u>
Creditors: amounts falling due within one year	18	(1,050)	(943)
Net current assets		<u>3,177</u>	<u>2,866</u>
Total assets less current liabilities		<u>38,836</u>	<u>39,054</u>
Net assets excluding pension liability		<u>38,836</u>	<u>39,054</u>
Defined benefit pension scheme liability	25	(5,365)	(5,507)
Total net assets		<u><u>33,471</u></u>	<u><u>33,547</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	19	35,659	36,192
Restricted income funds	19	922	495
Pension reserve	19	(5,365)	(5,507)
Total restricted funds	19	<u>31,216</u>	<u>31,180</u>
Unrestricted income funds	19	<u>2,255</u>	<u>2,367</u>
Total funds		<u><u>33,471</u></u>	<u><u>33,547</u></u>

The financial statements on pages 27 to 52 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:



Louise Prince BA (Hons)
(Chair of Trustees)
Date: 9 December 2020

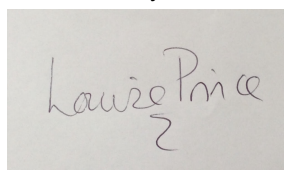
The Alec Reed Academy is a company limited by guarantee and is registered in England and Wales (registration number 0444278).

The notes on pages 31 to 52 form part of these financial statements.

**ACADEMY STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020**

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	16	35,659	36,188
		<u>35,659</u>	<u>36,188</u>
Current assets			
Debtors	17	500	451
Cash at bank and in hand		3,727	3,358
		<u>4,227</u>	<u>3,809</u>
Creditors: amounts falling due within one year	18	(1,050)	(943)
		<u>3,177</u>	<u>2,866</u>
Net current assets		<u>3,177</u>	<u>2,866</u>
Total assets less current liabilities		<u>38,836</u>	<u>39,054</u>
Net assets excluding pension liability		<u>38,836</u>	<u>39,054</u>
Defined benefit pension scheme liability	25	(5,365)	(5,507)
Total net assets		<u><u>33,471</u></u>	<u><u>33,547</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	19	35,659	36,192
Restricted income funds	19	923	495
Pension reserve	19	(5,365)	(5,507)
Total restricted funds	19	<u>31,217</u>	<u>31,180</u>
Unrestricted income funds	19	<u>2,254</u>	<u>2,367</u>
Total funds		<u><u>33,471</u></u>	<u><u>33,547</u></u>

The financial statements on pages 27 to 52 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:



Louise Prince BA (Hons)
(Chair of Trustees)
Date: 9 December 2020

The Alec Reed Academy is a company limited by guarantee and is registered in England and Wales (registration number 0444278).

The notes on pages 31 to 52 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £000	<i>2019 £000</i>
Cash flows from operating activities			
Net cash provided by operating activities	21	843	<i>613</i>
Cash flows from investing activities			
	22	(474)	<i>18</i>
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		369	<i>631</i>
Cash and cash equivalents at the beginning of the year		3,429	<i>2,798</i>
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	23	3,798	<i>3,429</i>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 31 to 52 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Alec Reed Academy meets the definition of a public benefit entity under FRS 102.

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

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.

The Governors have considered the impact of the current coronavirus pandemic on the Group's operations, with a particular focus on its effect on the Group's financial position including the Group's income, expenditure and reserves. While the Governors acknowledge the disruption caused by the pandemic to the Group's day-to-day operations, they confirm that they do not consider this to be cause for material uncertainty in respect to the Group's ability to continue as a going concern. The Governors believe that no further disclosures relating to the Group's ability to continue as a going concern need to be made in the accounts. In assessing going concern, they have paid particular attention to a period of not less than one year from the date of approval of the accounts.

1.3 Income

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

- **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 period 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

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 has provided the goods or services.

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.

- **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 expenditure is 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 £2,500 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:

Freehold property	- 50 years
Furniture and equipment	- 4 - 20 years
Plant and machinery	- 4 years
Computer equipment	- 3 years
Motor vehicles	- 3 years

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 Consolidated statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

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.

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 Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.10 Leased assets

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

1.11 Taxation

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

1.12 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 17. 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.

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 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13 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.

1.14 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.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, the London Borough of Ealing.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The useful economic lives of tangible fixed assets held by the Academy have been estimated as disclosed on page 32.

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 23, 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The trustees have considered the recoverability of amounts owed to the Academy by its wholly owned subsidiary, Alec Reed Academy Enterprises and have made the decision to provide against this debt to the extent that the subsidiary had assets available to make repayment (after considering all other liabilities) at 31 August 2020.

No other judgements have been made which have had a significant impact on the preparation of these financial statements.

3. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy was subject to limits at 31 August 2020 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2020.

4. Income from donations and capital grants

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Other donations	1	-	-	1
Capital Grants	-	-	27	27
	<hr/>	<hr/>	<hr/>	<hr/>
	1	-	27	28
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Restricted fixed asset funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Donations	3	-	-	3
Capital Grants	-	96	-	96
	<hr/>	<hr/>	<hr/>	<hr/>
	3	96	-	99
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

5. Funding for the Academy's educational operations

	Restricted funds 2020 £000	Total funds 2020 £000
DfE/ESFA grants		
GAG	9,714	9,714
Other DfE/ESFA grants	773	773
	<hr/> 10,487	<hr/> 10,487
Other Government grants		
Local authority grants	582	582
	<hr/> 582	<hr/> 582
Exceptional government funding		
Coronavirus exceptional support	51	51
Provision for funding clawback	(51)	(51)
	<hr/> -	<hr/> -
	<hr/> 11,069	<hr/> 11,069
	<hr/> <hr/>	<hr/> <hr/>

The Academy has made a claim for additional funding in year from government support schemes in response to the coronavirus outbreak. The ESFA has notified the Academy it will receive the funding above under "exceptional government funding" however eligibility to the funding will be reviewed as part of an assurance exercise in 2021 by the ESFA as it is dependent on the financial outturn for the year being a deficit.

The funding claimed for coronavirus exceptional support covers £31k for free school meal vouchers provided to parents prior to the start of the national scheme and £21k for additional cleaning and premises costs relating to the opening of the Academy for keyworker children and vulnerable children.

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
DfE/ESFA grants			
GAG	-	8,594	8,594
Other DfE/ESFA grants	-	695	695
	<hr/> -	<hr/> 9,289	<hr/> 9,289
Other Government grants			
Local authority grants	-	520	520
	<hr/> -	<hr/> 520	<hr/> 520
Other income from the academy trust's educational operations	11	-	11
	<hr/> 11	<hr/> 9,809	<hr/> 9,820
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

6. Income from other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000
Hire of facilities	52	52
Trip income	29	29
Miscellaneous income	86	86
Uniform sales	50	50
Community Sports Centre income	42	42
Adult Education Centre income	18	18
Hospitality services	234	234
Facilities used by John Chilton School	191	191
	<hr/>	<hr/>
	702	702
	<hr/> <hr/>	<hr/> <hr/>

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Hire of facilities	87	-	87
Trip income	50	-	50
Miscellaneous income	120	6	126
Uniform sales	42	-	42
Community Sports Centre income	57	-	57
Adult Education Centre income	52	-	52
Hospitality services	297	-	297
Facilities used by John Chilton School	214	-	214
	<hr/>	<hr/>	<hr/>
	919	6	925
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

7. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Interest receivable	25	25	16
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

8. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000
Expenditure on fundraising trading activities:				
Direct costs	373	70	224	667
Allocated support costs	92	35	45	172
Academy trust educational operations:				
Direct costs	7,853	-	573	8,426
Allocated support costs	1,157	1,498	580	3,235
	<u>9,475</u>	<u>1,603</u>	<u>1,422</u>	<u>12,500</u>

	<i>Staff Costs 2019 £000</i>	<i>Premises 2019 £000</i>	<i>Other 2019 £000</i>	<i>Total 2019 £000</i>
Expenditure on fundraising trading activities:				
Direct costs	337	-	(165)	172
Allocated support costs	83	27	36	146
Academy trust educational operations:				
Direct costs	7,067	-	542	7,609
Allocated support costs	1,245	1,413	545	3,203
	<u>8,732</u>	<u>1,440</u>	<u>958</u>	<u>11,130</u>

9. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000
Academy trust educational operations	8,426	3,235	11,661

	<i>Activities undertaken directly 2019 £000</i>	<i>Support costs 2019 £000</i>	<i>Total funds 2019 £000</i>
Academy trust educational operations	7,609	3,203	10,812

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Staff costs	1,157	1,245
Depreciation	1,055	1,000
Technology	123	82
Premises	443	413
Legal - other	1	-
Other support costs	424	436
Governance	32	27
	<u>3,235</u>	<u>3,203</u>

10. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2020 £000	<i>2019 £000</i>
Depreciation of tangible fixed assets	1,055	1,000
Fees paid to auditor for:		
- audit	12	12
- other services	3	3
	<u>1,070</u>	<u>1,015</u>

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	Group 2020 £000	<i>Group 2019 £000</i>	Academy 2020 £000	<i>Academy 2019 £000</i>
Wages and salaries	6,688	6,212	6,659	6,172
Social security costs	710	660	708	657
Pension costs	1,518	1,272	1,515	1,266
	<u>8,916</u>	<u>8,144</u>	<u>8,882</u>	<u>8,095</u>
Agency staff costs	559	577	559	577
Staff restructuring costs	-	11	-	11
	<u>9,475</u>	<u>8,732</u>	<u>9,441</u>	<u>8,683</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

11. Staff costs (continued)

a. Staff costs (continued)

Staff restructuring costs comprise:

	Group 2020 £000	<i>Group 2019 £000</i>	Academy 2020 £000	<i>Academy 2019 £000</i>
Redundancy payments	-	11	-	11
	<u>-</u>	<u>11</u>	<u>-</u>	<u>11</u>
	<u><u>-</u></u>	<u><u>11</u></u>	<u><u>-</u></u>	<u><u>11</u></u>

b. Staff numbers

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

	Group 2020 No.	<i>Group 2019 No.</i>	Academy 2020 No.	<i>Academy 2019 No.</i>
Teachers	76	75	76	75
Administration and support	126	123	126	123
Management	10	11	10	11
	<u>212</u>	<u>209</u>	<u>212</u>	<u>209</u>
	<u><u>212</u></u>	<u><u>209</u></u>	<u><u>212</u></u>	<u><u>209</u></u>

The average headcount expressed as full-time equivalents was:

	Group 2020 No.	<i>Group 2019 No.</i>	Academy 2020 No.	<i>Academy 2019 No.</i>
Teachers	75	74	75	74
Administration and support	108	100	108	100
Management	10	11	10	11
	<u>193</u>	<u>185</u>	<u>193</u>	<u>185</u>
	<u><u>193</u></u>	<u><u>185</u></u>	<u><u>193</u></u>	<u><u>185</u></u>

c. Higher paid staff

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

	Group 2020 No.	<i>Group 2019 No.</i>
In the band £60,001 - £70,000	10	6
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	2	2
In the band £120,001 - £130,000	1	-
	<u>1</u>	<u>-</u>
	<u><u>1</u></u>	<u><u>-</u></u>

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's pension and national insurance contributions) received by key management personnel for their services to the Academy was £560,604 (2019: £561,835).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020	<i>2019</i>
		£000	<i>£000</i>
A Moise-Dixon (from 3 January 2019 until 31 August 2020)	Remuneration	120 - 125	<i>75 - 80</i>
	Pension contributions paid	25 - 30	<i>10 - 15</i>
G Lobbett (until 3 January 2019)	Remuneration	n/a	<i>30 - 35</i>
	Pension contributions paid	n/a	<i>0 - 5</i>
M Dick (from 2 October 2019)	Remuneration	60 - 65	<i>n/a</i>
	Pension contributions paid	15 - 20	<i>n/a</i>
C Lashmore-Bennett (until 31 August 2019)	Remuneration	n/a	<i>35 - 40</i>
	Pension contributions paid	n/a	<i>5 - 10</i>
S Bhatti	Remuneration	30 - 35	<i>35 - 40</i>

During the year ended 31 August 2020, expenses totalling £12 were reimbursed or paid directly to one Trustee (2019 - £20 to one Governor).

13. Trustees' and Officers' insurance

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

14. Commercial trading operations

The charity has a wholly owned trading subsidiary, Alec Reed Academy Enterprise Limited, which is incorporated in the UK. This company managed and operated the Community Sports Centre and lettings.

	2020	<i>2019</i>
	£000	<i>£000</i>
Turnover	54	<i>79</i>
Cost of sales	(29)	<i>(50)</i>
Gross profit	25	<i>29</i>
Administrative expenses	(20)	<i>(24)</i>
Profit on ordinary activities before taxation	5	<i>5</i>
Taxation	-	<i>-</i>
Profit on ordinary activities after taxation	5	<i>5</i>

The assets and liabilities of the subsidiary were:

	2020	<i>2019</i>
	£000	<i>£000</i>
Current assets	71	<i>71</i>
Creditors: amounts falling due within one year	(171)	<i>(176)</i>
Total assets less current liabilities	(100)	<i>(105)</i>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

15. Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds.

	Unrestricted general fund £'000	Restricted general fund £'000	Restricted fixed assets fund £'000	2019 Total Funds £'000
Income from:				
Donations and capital grants	3	-	96	99
Charitable activities:				
. Funding for the Academy's educational operations and development	11	9,809	-	9,820
Other trading activities	919	6	-	925
Investments	<u>16</u>	<u>-</u>	<u>-</u>	<u>16</u>
Total income	<u>949</u>	<u>9,815</u>	<u>96</u>	<u>10,860</u>
Expenditure on:				
Expenditure on:	653			653
Charitable activities:				
. Academy's educational operations	<u>-</u>	<u>9,812</u>	<u>1,000</u>	<u>10,812</u>
Total expenditure	<u>653</u>	<u>9,812</u>	<u>1,000</u>	<u>11,465</u>
Net income (expenditure)	296	3	(904)	(605)
Other recognised gains and losses				
Actuarial gains on defined benefit pension scheme	<u>-</u>	<u>(2,441)</u>	<u>-</u>	<u>(2,441)</u>
Net movement in funds	296	(2,438)	(904)	(3,046)
Reconciliation between funds				
Fund balances brought forward at 1 September 2018	<u>2,071</u>	<u>(2,574)</u>	<u>37,096</u>	<u>36,593</u>
Fund balances carried forward at 31 August 2019	<u><u>2,367</u></u>	<u><u>(5,012)</u></u>	<u><u>36,192</u></u>	<u><u>33,547</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Tangible fixed assets

Group and Academy

	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 September 2019	47,424	3,095	2,179	75	52,773
Additions	77	206	243	-	526
Disposals	(151)	(70)	(814)	-	(1,035)
At 31 August 2020	47,350	3,231	1,608	75	52,264
Depreciation					
At 1 September 2019	11,752	2,647	2,111	75	16,585
Charge for the year	943	53	59	-	1,055
On disposals	(151)	(70)	(814)	-	(1,035)
At 31 August 2020	12,544	2,630	1,356	75	16,605
Net book value					
At 31 August 2020	34,806	601	252	-	35,659
At 31 August 2019	35,672	448	68	-	36,188

For the purposes of these financial statements, the land is deemed to have no commercial value.

As permitted by FRS 102, the Governors have adopted a policy of not revaluing tangible fixed assets and, under the transitional arrangements set out in FRS 102, with effect from 1 September 2014, the value assigned to the building is now deemed to be its cost.

17. Debtors

	Group 2020 £000	Group 2019 £000	Academy 2020 £000	Academy 2019 £000
Due within one year				
Trade debtors	7	95	7	95
Amounts owed by group undertakings	-	-	71	71
Other debtors	86	52	86	52
Prepayments and accrued income	336	233	336	233
	429	380	500	451

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

18. Creditors: Amounts falling due within one year

	Group 2020 £000	<i>Group 2019 £000</i>	Academy 2020 £000	<i>Academy 2019 £000</i>
Trade creditors	273	186	273	186
Other taxation and social security	179	159	179	159
Other creditors	249	196	249	196
Accruals and deferred income	349	402	349	402
	1,050	943	1,050	943
	Group 2020 £000	<i>Group 2019 £000</i>	Academy 2020 £000	<i>Academy 2019 £000</i>
Deferred income at 1 September 2019	168	122	168	122
Resources deferred during the year	113	168	113	168
Amounts released from previous periods	(168)	(122)	(168)	(122)
	113	168	113	168

Included in the deferred income figure of £113,000 (2019 – £168,000) was £73,000 (2019 – £121,000) received in advance from the ESFA.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Statement of funds

	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	2,470	675	(792)	-	-	2,353
Alec Reed Enterprise Limited	(103)	53	(48)	-	-	(98)
	<u>2,367</u>	<u>728</u>	<u>(840)</u>	<u>-</u>	<u>-</u>	<u>2,255</u>
Restricted general funds						
General Annual Grant (GAG)	495	9,714	(8,792)	(495)	-	922
Pupil Premium	-	619	(619)	-	-	-
Other grants	-	736	(736)	-	-	-
Pension reserve	(5,507)	-	(458)	-	600	(5,365)
	<u>(5,012)</u>	<u>11,069</u>	<u>(10,605)</u>	<u>(495)</u>	<u>600</u>	<u>(4,443)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	36,192	27	(1,055)	-	-	35,164
Capital expenditure from GAG	-	-	-	495	-	495
	<u>36,192</u>	<u>27</u>	<u>(1,055)</u>	<u>495</u>	<u>-</u>	<u>35,659</u>
Total Restricted funds	<u>31,180</u>	<u>11,096</u>	<u>(11,660)</u>	<u>-</u>	<u>600</u>	<u>31,216</u>
Total funds	<u>33,547</u>	<u>11,824</u>	<u>(12,500)</u>	<u>-</u>	<u>600</u>	<u>33,471</u>

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

ESFA revenue grant fund and other restricted funds

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2020. Note 3 discloses that the limit has not been exceeded.

Fixed assets fund

The fixed assets fund represents the movement on fixed assets throughout the year. It is comprised of the net book value of tangible fixed assets and any unused capital funding.

Unrestricted funds

These represent those funds which can be used by the trustees' for any purpose that falls within the charitable objects of the Academy. It includes the net assets of Alec Reed Academy Enterprise Limited.

Transfers

A transfer of £495,000 (2019 – £nil) has been made from GAG to the fixed asset fund to purchase capital items.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2019 £000</i>
Unrestricted funds					
General funds	2,180	870	(580)	-	2,470
Alec Reed Enterprise Limited	(109)	79	(73)	-	(103)
	<hr/> 2,071	<hr/> 949	<hr/> (653)	<hr/> -	<hr/> 2,367
Restricted general funds					
General Annual Grant (GAG)	-	8,594	(8,099)	-	495
Pupil Premium	-	575	(575)	-	-
Other grants	-	646	(646)	-	-
Pension reserve	(2,574)	-	(492)	(2,441)	(5,507)
	<hr/> (2,574)	<hr/> 9,815	<hr/> (9,812)	<hr/> (2,441)	<hr/> (5,012)
Restricted fixed asset funds					
DfE/ESFA capital grants	37,096	96	(1,000)	-	36,192
	<hr/> 34,522	<hr/> 9,911	<hr/> (10,812)	<hr/> (2,441)	<hr/> 31,180
Total Restricted funds					
	<hr/> 36,593	<hr/> 10,860	<hr/> (11,465)	<hr/> (2,441)	<hr/> 33,547

20. Analysis of net assets between funds - Group and Academy

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	35,659	35,659
Current assets	2,255	1,972	-	4,227
Creditors due within one year	-	(1,050)	-	(1,050)
Provisions for liabilities and charges	-	(5,365)	-	(5,365)
Total	<hr/> 2,255	<hr/> (4,443)	<hr/> 35,659	<hr/> 33,471

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

20. Analysis of net assets between funds - Group and Academy (continued)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Restricted fixed asset funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Tangible fixed assets	-	-	36,188	36,188
Current assets	2,470	1,335	4	3,809
Creditors due within one year	-	(943)	-	(943)
Provisions for liabilities and charges	-	(5,507)	-	(5,507)
Total	2,470	(5,115)	36,192	33,547

21. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £000	<i>2019 £000</i>
Net expenditure for the period (as per Statement of financial activities)	(676)	<i>(605)</i>
Adjustments for:		
Depreciation	1,055	<i>1,000</i>
Capital grants from DfE and other capital income	(27)	<i>(96)</i>
Interest receivable	(25)	<i>(16)</i>
Defined benefit pension scheme cost less contributions payable	327	<i>424</i>
Defined benefit pension scheme finance cost	131	<i>68</i>
(Increase)/decrease in debtors	(49)	<i>75</i>
Increase/(decrease) in creditors	107	<i>(237)</i>
Net cash provided by operating activities	843	<i>613</i>

22. Cash flows from investing activities

	Group 2020 £000	<i>Group 2019 £000</i>
Dividends, interest and rents from investments	25	<i>16</i>
Purchase of tangible fixed assets	(526)	<i>(94)</i>
Capital grants from DfE Group	27	<i>96</i>
Net cash (used in)/provided by investing activities	(474)	<i>18</i>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

23. Analysis of cash and cash equivalents

	Group 2020 £000	<i>Group 2019 £000</i>
Cash in hand	3,798	3,429
Total cash and cash equivalents	3,798	<i>3,429</i>

24. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash	3,429	369	3,798
Total	3,429	369	3,798

25. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Ealing. 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 2016.

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 teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury 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%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

25. Pension commitments (continued)

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 £800,921 (2019 - £506,985).

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 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 2020 was £519,000 (2019 - £437,000), of which employer's contributions totalled £389,000 (2019 - £327,000) and employees' contributions totalled £130,000 (2019 - £110,000). The agreed contribution rates for future years are 14.60% for employers and between 5.5% and 12.5% 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.

Principal actuarial assumptions

	2020	<i>2019</i>
	%	%
Rate of increase in salaries	3.7	3.4
Rate of increase for pensions in payment/inflation	2.5	2.2
Discount rate for scheme liabilities	1.8	1.8
Inflation assumption (CPI)	2.4	2.1

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

	2020	<i>2019</i>
	Years	Years
<i>Retiring today</i>		
Males	22.9	23.3
Females	25.0	26.2
<i>Retiring in 20 years</i>		
Males	24.5	25.5
Females	26.9	28.5

Sensitivity analysis

	2020	<i>2019</i>
	£000	£000
Discount rate +0.1%	287	295
Mortality assumption - 1 year increase	(436)	(260)
CPI rate +0.1%	(292)	(300)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

25. Pension commitments (continued)

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

	At 31 August 2020 £000	<i>At 31 August 2019 £000</i>
Equities	5,446	5,137
Corporate bonds	2,444	2,062
Property	895	797
Cash and other liquid assets	414	632
Other	423	35
	<hr/>	<hr/>
Total market value of assets	9,622	8,663
Present value of scheme liabilities		
Funded	(14,987)	(14,170)
	<hr/>	<hr/>
Deficit in the scheme	(5,365)	(5,507)
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £637,000 (2019 - £426,000).

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

	2020 £000	<i>2019 £000</i>
Current service cost	327	184
Past service cost	-	228
Net interest cost	117	80
	<hr/>	<hr/>
Total amount recognised in the Consolidated statement of financial activities	444	492
	<hr/> <hr/>	<hr/> <hr/>

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

	2020 £000	<i>2019 £000</i>
At 1 September	14,170	10,596
Interest cost	276	296
Employee contributions	130	110
Benefits paid	(183)	(210)
Current service cost	716	511
Actuarial (gain)/loss	(122)	2,639
Past service cost	-	228
	<hr/>	<hr/>
At 31 August	14,987	14,170
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

25. Pension commitments (continued)

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

	2020	2019
	£000	£000
At 1 September	8,663	8,022
Interest income	159	228
Employee contributions	130	110
Benefits paid	(183)	(210)
Administration expenses	(14)	(12)
Actuarial gain	478	198
Employer contributions	389	327
At 31 August	9,622	8,663

26. Operating lease commitments

At 31 August 2020 the Group and the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group	<i>Group</i>	Academy	<i>Academy</i>
	2020	2019	2020	2019
	£000	£000	£000	£000
Not later than 1 year	5	5	5	5
Later than 1 year and not later than 5 years	10	15	10	15
	15	20	15	20

27. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

28. Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are disclosed in the Financial Statements and are conducted at arm's length and in accordance with the Academy's financial regulations and procurement procedures. In accordance with the Academies Financial Handbook, transactions above the de minimis of £2,500 are transacted at cost to the Academy.

Reed Foundation is the sponsor of Alec Reed Academy and has a 19% share in Reed Global Ltd. Reed Global is the Parent company of Reed Online Limited and Reed Specialist Recruitment Ltd. The Academy had transactions with these companies during the year.

- Richard Taylor, Trustee, is an employee of Reed Specialist Recruitment Ltd which is a subsidiary of Reed Specialist Recruitment Ltd which provided supply staff with fees totalling £2,134 (2019: £3,063) which is below the de minimus limit..
- Reed Online Limited was used to place staff recruitment adverts with a cost to the Academy of £726 (2019: £1,232). These prices were discounted by Reed to cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

29. Agency arrangements

The academy trust distributed 16-19 bursary funds to students as an agent for ESFA. In the year ended 31 August 2020, the trust received £21,117 (2019: £29,457) and disbursed £30,196 (2019: £20,195) from the fund. At 31 August 2020, an amount of £62,075 (2019: £71,154) was included within current liabilities relating to undistributed funds.