

REGISTERED COMPANY NUMBER: 06202969 (England and Wales)
REGISTERED CHARITY NUMBER: 1124759

THE MARSH ACADEMY
(A Company Limited by Guarantee)

REPORT OF THE GOVERNORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2009

McCabe Ford Williams
Registered Auditors
Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
Kent
ME10 4AE

TUESDAY



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FOR THE YEAR ENDED 31 AUGUST 2009

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REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2009

The governors present their report together with the financial statements of the charity for the year ended 31 August 2009. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies on pages 18 to 20 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005, 2nd edition').

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number	06202969 (England and Wales)
Registered Charity number	1124759
Registered office	16 St Johns Lane LONDON EC1M 4BS

Governors (Trustees)

Mr R J Alston CMG QSO DL (Chairman)	
Mr T H P Haynes BA	
Mr W A Holliwell*	
Mrs B Wimble*	
Mrs P S Rolfe	
Mr N W Horne	Resigned – 28/11/08
Mr J Cameron	Resigned – 28/11/08
Mrs E Howard*	
Mrs A Buggé	Resigned – 20/07/09
Mr G M Badman CBE MA (Vice Chair)*	
Mr S J Daws (Parent Governor)	
Mrs T Luke (Executive Principal)*	Appointed – 12/11/08
Mrs S M Thorne(FSG Link)*	Appointed – 12/11/08
Mrs V J Soutar(Responsible Officer)	Appointed – 05/01/09
Mr I B Ridings*	Appointed – 17/06/09
Mr N V Brotherton*	Appointed – 17/06/09

* Members of the finance and people committee

Clerk to the Governors	Mrs N Petrie
Company Secretary	SK Secretary Ltd

Senior managers

Executive Principal	Mrs T Luke
Head of School	Mrs M Emptage
Vice Principal	Mrs L Burrows
Vice Principal	Mr R E Smith
Assistant Principal	Mrs L Clarke
Assistant Principal	Mr R Bristow
Senior Administrator	Mrs M Clayson
Director of Finance and Resources	Mr K W Norman

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2009

REFERENCE AND ADMINISTRATIVE DETAILS - continued

Auditors McCabe Ford Williams
Registered Auditors
Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
ME10 4AE

Bankers Barclays Bank PLC
Level 27
1 Churchill Place
LONDON
E14 5HP

Solicitors Stone King LLP
16 St John's Lane
LONDON
EC1M 4BS

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy was incorporated on 4th April 2007. The Academy is a company limited by guarantee with no share capital (registration no. 06202969) and a registered charity (registration no. 1124759). The charitable company's memorandum and articles of association are the primary governing documents of the Academy. Members of the charitable company are nominated by either the Kent County Council or by Microsoft PLC or by Tonbridge School the three sponsors of the Academy. The articles of association require the members of the charitable company to appoint at least three governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

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.

Governors

The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation.

Governors' term of office is four years but they are eligible for re-election at the meeting at which they retire. At each Annual General Meeting the Governors will elect a Chairman and a Vice-Chairman.

The Governors who were in office at 31 August 2009 are listed on page 1.

During the financial year under review the Governors held 4 full Governors meetings and 12 Governors committee meetings. In addition, there was a full day's facilitated training event covering Safe Recruitment that several Governors attended. The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new governors a year, induction tends to be done informally and is tailored specifically to the individual.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2009

STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

Responsibilities of the Governors

Company law requires the Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year. In preparing financial statements giving a true and fair view, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Public Benefit

The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

We have referred to the guidance in the Charity Commissions general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set.

Organisational structure

From the outset a unified management structure was introduced to ensure the effective and efficient running of the Academy. This structure has been modified over time and now consists of three levels: the Governors, the Senior Leadership Team and the Middle Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the strategic direction of the Academy, capital expenditure and the most senior staff appointments in consultation with the Executive Principal.

The Senior Leadership Team is led by the Executive Principal and comprises the Head of School, two Vice- Principals, two Assistant Principals, the Director of Finance and Resources and the Senior Administrator. These senior leaders manage the Academy at an executive level implementing the policies agreed by the Governors and reporting back to them on progress. The Executive Principal and other key senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Leadership Team always contain a Governor. Some spending control is devolved to members of the Middle Leadership Team, with limits above which a Senior Manager must countersign.

The wider Management Team includes the Senior Leadership Team, the Directors of Learning and Mini School Leaders. These middle managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students. The Leisure Centre has its own Manager and staffing structure.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2009

STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

Endowment fund

The Academy has an Endowment Fund that has benefited from donations from Kent County Council and the De Haan Charitable Trust. Further details regarding the Endowment Fund are given in note 3 to the financial statements.

Connected organisations

Kent County Council, Microsoft PLC and Tonbridge School are sponsors to The Marsh Academy and since the Academy's founding have donated £1,874,580 to assist the Academy in achieving its objectives.

Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational area (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimize risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

Statement on the system of internal finance control

As Governors, we acknowledge we have overall responsibility for ensuring that The Marsh Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:-

- The Academy is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- The proper records are maintained and financial information used within the Academy or for publication is reliable;
- The Academy complies with relevant laws and regulations.

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Finance and People committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2009

STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

In addition, the Governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the Academy it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have:

- set policies on internal controls which cover the following:
 - type of risks the Academy faces;
 - the level of risks which they regard as acceptable;
 - the likelihood of the risks materialising;
 - the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise;
 - the costs of operating particular controls relative to the benefits obtained;
- clarified the responsibility of the Management Team to implement the governors' policies and to identify and evaluate risks for the governors' consideration;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy;
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being undertaken.

The Governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Governors have appointed V Soutar, a governor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. As permitted by the DfES Financial Handbook for Academies, this task has been outsourced to the external auditors. On a quarterly basis the external auditors report to the governing body on the operation of the systems of control and on the discharge of the RO's financial responsibilities. There have been three internal audit checks carried out in the 12 months to 31st August 2009. There were no control issues that required any remedial action.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal objects and activity of the charitable company is the operation of the Marsh Academy to provide an appropriate education for students of different abilities between the ages of 11 and 19. The Academy specialism is business and enterprise and the Academy additionally aims to share its recreation and leisure facilities with the local community. In setting the objectives and planning the activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

In accordance with the articles of association the Marsh Academy has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. 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. The catchment area for our students includes the Romney Marsh and an area eastwards towards Hythe. The Academy welcomes pupils from all backgrounds.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2009

OBJECTIVES AND ACTIVITIES – continued

The main objectives of the Academy during the period ended 31 August 2009 are summarised below:

- to deliver high quality education and care to all pupils within the Academy;
- to raise standards and achievement;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Strategies and activities

The Academy's main strategy is encompassed in its mission statement which is 'WHERE LEARNING COMES FIRST'

- The Academy produces an annual Academy Development Plan, which details how it intends to achieve the aims and objectives for the year. The activities provided include:
- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- secondments and placing of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- co-operation and sharing resources with local schools;
- a system of after school clubs to allow students to explore new areas in a practical and project oriented way;
- a careers advisory programme to help students obtain employment or move on to higher education.

Equal opportunities policy

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to the Theatre block building and the Leisure centre areas of the Academy. The new buildings planned to start construction in 2009 will be fully compliant with all access legislation. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

ACHIEVEMENT AND PERFORMANCE

Examination results for 2009 represented an improvement on those achieved by the predecessor school. The Marsh Academy achieved 55% 5A*-C at GCSE- up from 36% in 2007 and also an improvement to 29.6% on 5*A-C including English and Mathematics from 18% for the predecessor school

To ensure that standards are continually raised the Academy operates a programme of observation of lessons; is visited by inspectors; undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A level to assess the added value. The Academy also participates in national programmes looking at added value through the key stages.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2009

ACHIEVEMENT AND PERFORMANCE - continued

As a Business and Enterprise specialist school sponsored by Microsoft we have made a considerable early investment in ICT. Four year groups have been equipped with laptops and a massive programme of wireless connectivity has been undertaken. During the last 12 months there has been further investment in ICT with the creation of the Marsh Learning Stage and the new Post 16 study area.

Since January 2008 the Marsh Academy has established close links with The Folkestone School for Girls, a high achieving grammar school, specialising in Mathematics and ICT. The two schools enjoy joint curriculum planning, mutual staff development and the sharing of resources with the primary aim of driving up standards. Mrs T Luke is the Executive Principal responsible for both schools and Mrs S Thorne is a Governor of both schools

FINANCIAL REVIEW

Financial report for the year

Most of the Academy's income is obtained from the DCSF in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DCSF during the 12 months ended 31 August 2009 and the associated expenditure is shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the Kent County Council. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of assets concerned.

During the 12 months ended 31 August 2009, total expenditure of £6,398,737 (period ended 31 August 2008: £6,499,404) was more than covered by recurrent grant funding from the DCSF together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds and the Endowment fund) was £751,754 (period ended 31 August 2008: £1,277,046).

At 31 August 2009 the net book value of fixed assets was £1,160,871 (2008: £1,040,090) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Governors have determined that the appropriate level of free reserves for recurrent costs should be equivalent to 4 weeks expenditure, approximately £400,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. In addition the Governors have set aside in restricted reserves £1,000,000 to cover the initial start up costs of the new buildings due to be completed in 2011. The Academy's current level of free reserves is £75,438 and the Governors strategy to build free reserves up to £400,000 will be pursued in future years.

Financial position

The Academy held fund balances at 31 August 2009 of £2,593,769 (2008: £2,508,868) comprising of £3,784,331 (2008: £3,146,674) of restricted funds and £75,438 (2008: (£11,806)) of unrestricted general funds and a pension reserve deficit of £1,266,000 (2008: £626,000).

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2009

PLANS FOR FUTURE PERIODS

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students find employment or a place in higher education once they leave. We have been informed that there will be an Ofsted Inspection of the school in the summer term of 2010.

The Academy aims in the future to improve our links with the wider community especially with regard to our specialism. To achieve this we are drawing up a community development plan, based on an identification and analysis of need. The plan's aim is to establish ways to benefit the wider community (from links with mainly local primary schools) and direct access to the Academy's facilities, curricular materials and the expertise of Academy staff.

The Marsh Academy will receive substantial investment of £16.82 million for new buildings in time for students to move into by September 2011. Designs for the new buildings were displayed to the public on the 14th September 2009.

The planning process is well advanced and local approval was granted by Shepway District Council in October 2009. Final planning permission is expected to be granted by Kent County Council in November 2009. The construction work is expected to commence in March 2010.

The Marsh Academy is known in the community for its excellent Leisure Centre and Theatre building, both of which will remain, and which will now be enhanced by new buildings, which will offer outstanding provision for both practical and academic study.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the governors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each governor has taken all the steps that they ought to have taken as a governor in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
R J Alston (Chairman) - Trustee

Date: 25 November 2009

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE MARSH ACADEMY**

We have audited the financial statements of The Marsh Academy for the year ended 31 August 2009 on pages eleven to thirty four. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The Governors' (who act as trustees for the charitable activities of the Marsh Academy and are also the directors for the purpose of company law) responsibilities for preparing the Report of the Governors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and are prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion the information given in the Report of the Governors is consistent with those financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of the Governors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE MARSH ACADEMY**

Opinion

In our opinion:

- a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Academy at 31 August 2009, and of its incoming resources and application of resources including its income and expenditure for the year then ended, and have been properly prepared in accordance with the Companies Act 2006;
- b) the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education and Skills in respect of the relevant financial period;
- c) proper accounting records have been kept by the Academy throughout the financial period;
- d) grants made by the Department for Children, Schools and Families have been applied for the purposes intended; and
- e) the information given in the Governors' Report is consistent with the financial statements.

Mr I Ellis (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Registered Auditors
Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
ME10 4AE

Date: 25 November 2009

A large, stylized handwritten signature in black ink, likely belonging to Mr I Ellis, is written over a horizontal line. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2009**

						Year ended 31.08.09	Period 04.04.07 to 31.08.08
	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed asset Funds £	Endowment Funds £	Total Funds £	Total Funds £
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income	3	183,886	-	-	100,000	283,886	1,690,694
Activities for generating funds	4	254,860	-	-	-	254,860	206,575
Investment income	5	72,516	-	-	-	72,516	77,248
Incoming resources from charitable activities							
Funding for the Academy's educational operations	6	-	5,987,929	206,264	-	6,194,193	7,419,341
Leisure and recreation	6	287,183	-	-	-	287,183	256,414
Total incoming resources		798,445	5,987,929	206,264	100,000	7,092,638	9,650,272
RESOURCES EXPENDED							
Costs of generating funds							
Costs of generating voluntary income	7	393,298	-	-	-	393,298	533,825
Charitable activities							
Funding for the Academy's educational operations	8	-	5,487,198	164,117	-	5,651,315	5,668,997
Leisure and recreation	8	340,760	-	-	-	340,760	286,055
Governance costs	10	-	13,364	-	-	13,364	10,527
Total resources expended		734,058	5,500,562	164,117	-	6,398,737	6,499,404
Net incoming/(outgoing) resources before transfers		64,387	487,367	42,147	100,000	693,901	3,150,868
Gross transfers between funds	20	22,857	(284,898)	284,898	(22,857)	-	-
		626,000	(626,000)	-	-	-	-
Net incoming/(outgoing) resources before other recognised gains/losses		713,244	(423,531)	327,045	77,143	693,901	3,150,868
Other recognised gains and losses							
Actuarial gains/losses on defined benefit schemes	19	-	(609,000)	-	-	(609,000)	(642,000)
Net movement in funds		713,244	(1,032,531)	327,045	77,143	84,901	2,508,868

The notes form part of these financial statements

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2009

					Year ended 31.08.09	Period 04.04.07 to 31.08.08
	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed asset Funds £	Endowment Funds £	Total Funds £
RECONCILIATION OF FUNDS						
Net movement in funds		713,244	(1,032,531)	327,045	77,143	84,901
Total funds brought forward	20	(637,806)	1,272,852	1,100,965	772,857	2,508,868
TOTAL FUNDS CARRIED FORWARD		<u>75,438</u>	<u>240,321</u>	<u>1,428,010</u>	<u>850,000</u>	<u>2,593,769</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2009

		Year ended 31.08.09		Period 04.04.07 to 31.08.08	
	Notes	£	£	£	£
INCOME					
General annual grant	2		5,403,166		6,232,134
DCFS/KCC Capital grant	6		206,264		115,548
Other DCFS grant	6		392,777		739,108
Other government grants	6		191,986		332,551
Donations	3		283,886		1,690,694
Interest receivable	5		72,516		77,248
Other Income					
- Activities for generating funds	4	254,860		206,575	
- Charitable activities	6	<u>287,183</u>		<u>256,414</u>	
			<u>542,043</u>		<u>462,989</u>
Total income			<u>7,092,638</u>		<u>9,650,272</u>
EXPENDITURE					
General annual grant (GAG) related expenditure	2		4,890,431		4,688,021
Other grant expenditure					
- Implementation grant				333,318	
- EAG 1				158,202	
- EAG 2		31,083		99,668	
- Other government grants		<u>548,048</u>		<u>365,983</u>	
			579,131		957,171
Depreciation	11		164,117		50,332
Other expenditure					
- Cost of generating funds	7	393,298		533,825	
Voluntary income					
- Leisure and recreation	8	340,760		286,055	
- Defined benefit scheme	9	<u>31,000</u>		<u>(16,000)</u>	
			<u>765,058</u>		<u>803,880</u>
Total expenditure			<u>6,398,737</u>		<u>6,499,404</u>
EXCESS OF INCOME OVER EXPENDITURE			<u>693,901</u>		<u>3,150,868</u>
BEFORE ACTUARIAL GAINS/LOSSES					
ON DEFINED BENEFIT PENSION SCHEME					

The notes form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 2009

		Year ended 31.08.09	Period 04.04.07 to 31.08.08
	Notes	£	£
EXCESS OF INCOME OVER EXPENDITURE		693,901	3,150,868
Actuarial gains/losses on defined benefit schemes	19	(609,000)	(127,000)
Deficit brought forward on LGPS defined benefit pension scheme	19	-	(515,000)
		<hr/>	<hr/>
Total recognised gains and losses for the year		84,901	2,508,868
		<hr/>	<hr/>
Net movement to (from) funds			
Restricted funds		(705,486)	2,375,056
Endowment fund		77,143	772,857
Unrestricted funds		713,244	(639,045)
		<hr/>	<hr/>
		84,901	2,508,868
		<hr/>	<hr/>

The income and expenditure account is derived from the statement of financial activities on page 11 to 12 which, together with the notes to the financial statements on pages 18 to 34 provides full information on the movements during the period on all the funds of the Academy.

All of the Academy's activities derived from continuing operations during the above financial period.

BALANCE SHEET
AT 31 AUGUST 2009

		31.08.09 Total Funds		31.08.08 Total Funds	
	Notes	£	£	£	£
FIXED ASSET					
Tangible assets	14		1,160,871		1,040,090
CURRENT ASSET					
Stock	15	41,873		20,931	
Debtors: amounts falling due within one year	16	185,717		87,727	
Cash at bank and in hand		<u>3,041,839</u>		<u>2,597,571</u>	
		3,269,429		2,706,229	
CREDITORS					
Amounts falling due within one year	17	<u>(570,531)</u>		<u>(611,451)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>2,698,898</u>		<u>2,094,778</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,859,769		3,134,868
PENSION LIABILITY	19		<u>(1,266,000)</u>		<u>(626,000)</u>
NET ASSETS/(LIABILITIES)			<u>2,593,769</u>		<u>2,508,868</u>
FUNDS	20				
<i>Income funds</i>					
Endowment funds			850,000		772,857
Restricted funds					
- Restricted fixed asset fund			1,428,010		1,100,965
- Restricted general fund			1,506,321		1,272,852
- Pension fund			<u>(1,266,000)</u>		-
Unrestricted funds					
- General fund			75,438		(11,806)
- Pension fund			<u>-</u>		<u>(626,000)</u>
TOTAL FUNDS			<u>2,593,769</u>		<u>2,508,868</u>

The financial statements were approved by the Governors on 25 November 2009 and were signed on its behalf by:



.....
Mr R J Alston CMG QSO DL (Chairman)

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2009**

	Notes	Year Ended 31.08.09		Period 04.04.07 to 31.08.08	
		£	£	£	£
Operating Activities					
Receipts					
Recurrent grants received from the DCSF					
. General Annual Grant (GAG)		5,403,166		6,232,134	
. Standards Fund		361,694		147,920	
Other receipts from the DCSF		31,083		591,188	
Other receipts from Government		191,986		332,551	
Other receipts		<u>495,337</u>		<u>377,229</u>	
			6,483,266		7,681,022
Payments					
Payroll payments		4,496,918		4,598,201	
Other cash payments		<u>1,635,962</u>		<u>1,010,481</u>	
			(6,132,880)		(5,608,682)
Net cash (outflow) / inflow from operating activities			350,386		2,072,340
Returns on investments and servicing of finance					
Interest received		72,516		77,248	
Interest paid		<u>-</u>		<u>-</u>	
			72,516		77,248
Capital income / (expenditure)					
Capital grants from DCSF		89,711		10,466	
Capital grants from KCC		116,553		105,082	
Purchase of tangible fixed assets		<u>(284,898)</u>		<u>(440,422)</u>	
			(78,634)		(324,874)
Management of liquid resources and financing					
Endowment funds			<u>100,000</u>		<u>772,857</u>
Increase in cash			<u>444,268</u>		<u>2,597,571</u>
Reconciliation of net cash flow to movement in net funds					
Increase in cash			444,268		2,597,571
Net funds brought forward			<u>2,597,571</u>		<u>-</u>
Net funds at 31 August 2009	1		<u>3,041,839</u>		<u>2,597,571</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2009

1. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.08 £	Cash flow £	At 31.08.09 £
Net cash:			
Cash at bank and in hand	2,597,571	444,268	3,041,839
	<hr/>	<hr/>	<hr/>
Total	<u>2,597,571</u>	<u>444,268</u>	<u>3,041,839</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2009

1. ACCOUNTING POLICIES

Format of financial statements

The standard format for the financial statement as required by the Companies Act 2006 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' ('Charities SORP 2005, 2nd edition') and reflects the activities of the Academy.

Accounting convention

The financial statements have been prepared under the historical cost convention, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Incoming resources

Grants receivable

Grants are included in the statement of financial activities on an accruals basis. Grants are recognised as incoming resources once the criteria of certainty and measurability are met and there is evidence of entitlement. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable.

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Academy in the period in which they are receivable, and where the benefit is both quantifiable and material.

Interest receivable

Interest receivable is included within the statement of financial activities on an accruals basis.

Resources expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

Governance costs

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings. Such costs include both direct and allocated support costs.

Allocation and apportionment of costs

In accordance with the SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

1. ACCOUNTING POLICIES - continued

Fund accounting

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the Governors.

Restricted funds comprise grants from the DCSF and other donors which are to be used for specific purposes as explained in note 20.

Tangible fixed assets

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost.

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. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. The depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets costing less than £500 are written off in the year of acquisition. All other assets are capitalised.

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for assets are:

Freehold premises	50 years
Plant and machinery	6 - 7 years
Furniture and equipment, fixtures and fittings	4 years
Computer equipment	3 years
Motor vehicles	4 years

Stocks

The academy carries small values of uniform supplies, catering stock and stationery. Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The Academy is a registered charity and as such its income and gains are exempt from income tax and corporation tax to the extent that they are applied to its charitable activities under the provisions of the Income and Corporation Taxes Act 1988. The cost of irrecoverable VAT incurred by the Academy has been included in the statement of financial activities.

Group accounts

Consolidated accounts have not been prepared. The results of the Marsh Academy Endowment Fund have been aggregated with that of The Marsh Academy in accordance with s96 (6) of the Charities Act 1993.

Endowment fund

The De Haan charitable trust and Kent County Council have gifted certain monies to be held for the benefit of The Marsh Academy in an endowment fund. As detailed above the results of the endowment fund have been aggregated with those of The Marsh Academy.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009**

1. ACCOUNTING POLICIES – continued

Pensions

Academy staff are members of one of two pension schemes, both are defined benefit schemes.

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

Local Government Pension Scheme

Non teaching members of staff are offered membership of the Local Government Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

2. GENERAL ANNUAL GRANT (GAG)

a. Results and Carry forward for the Year

	Year Ended 31.08.09	Period 04.04.07 to 31.08.08
	£	£
GAG brought forward from previous year	152,459	-
Add: GAG allocation for current year	5,403,166	6,232,134
Less: Start up grant A and B	<u>(152,500)</u>	<u>(1,119,560)</u>
Total GAG available to spend	5,403,125	5,112,574
Less: Recurrent expenditure from GAG	(4,890,431)	(4,688,021)
Add: Start up grant A and B expenditure	162,000	113,655
Capital expenditure from GAG	<u>(284,898)</u>	<u>(385,749)</u>
GAG carried forward to next year	389,796	152,459
Less: Maximum permitted GAG carried forward at end of current year (12% of allocation of current year)	<u>(648,380)</u>	<u>(613,509)</u>
GAG to surrender to DCSF (12% rule breached if rule is positive)	<u>(258,584)</u>	<u>(461,050)</u>
	no breach	no breach

The estimated number of pupils used to calculate the GAG income for the year ended 31 August 2009 was 1,048. Actual pupil numbers at 31 January 2009 were 983. As the variation from the estimated numbers was greater than 2.5% there will be a claw back of grant amounting to an estimated £118,000. This is to be accounted for in the 2009/2010 GAG calculation and accordingly this will be reflected in the financial statements for the year ended 31 August 2010.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009**

2. GENERAL ANNUAL GRANT (GAG)

b. Use of GAG brought forward from previous year for recurrent purposes

(of the amount carried forward each year a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)

	Year Ended Period 04.04.07 31.08.09 to 31.08.08	
	£	£
Recurrent expenditure from GAG in current year	4,728,431	4,574,366
GAG allocation for current year	(5,403,166)	(6,232,134)
GAG allocation for the previous year x 2%	<u>(124,643)</u>	<u>-</u>
GAG brought forward from previous year in excess of 2% used on recurrent expenditure in current year (2% rule breached if result is positive)	<u>(799,378)</u>	<u>(1,657,768)</u>
	no breach	no breach

3. VOLUNTARY INCOME

Donated Services

Microsoft Limited has donated the following services to the Academy during the year under review:

	Year Ended 31.08.09	Period 04.04.07 to 31.08.08
	£	£
Licenses	168,248	255,987
Consultancy	-	6,743

Tonbridge School have donated the following services to the Academy during the year under review:

Staff time and salary costs	<u>15,638</u>	<u>27,964</u>
Donated services and facilities	<u>183,886</u>	<u>290,694</u>

Donated Assets

Azincourt property:	<u>-</u>	<u>650,000</u>
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Kent County Council has legally undertaken to transfer the title of Le Verginiaud a property in Azincourt France to the Academy. The Academy currently has exclusive use of the property. The property has therefore been valued at market value as assessed by the governors.

Donations

Kent County Council	-	750,000
Roger De Haan	<u>100,000</u>	<u>-</u>

During the period ended 31 August 2008 Kent County Council gifted £750,000 to The Marsh Academy Endowment Fund. During the year ended 31 August 2009 The Roger De Haan Trust has gifted £100,000 to the Marsh Academy Endowment Fund.

Total Voluntary Income	<u>283,886</u>	<u>1,690,694</u>
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

4. ACTIVITIES FOR GENERATING FUNDS

	Year Ended 31.08.09 £	Period 04.04.07 To 31.08.08 £
Shop income	2,953	2,788
Fundraising events	2,760	2,457
Catering income	157,039	158,537
School trips income	13,355	7,011
School uniform sales	16,200	15,618
Miscellaneous school income	16,134	10,809
Training income	46,419	9,355
	<u>254,860</u>	<u>206,575</u>

5. INVESTMENT INCOME

	Year Ended 31.08.09 £	Period 04.04.07 to 31.08.08 £
Deposit account interest	44,491	54,391
The Marsh Academy Endowment Fund	28,025	22,857
	<u>72,516</u>	<u>77,248</u>

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Year End 31.08.09 £	Period 04.04.07 to 31.08.08 £
<i>Funding for the Academy's educational operations:</i>		
Department for Children, Schools and Families grants:		
- General Annual Grant (GAG) note 2	5,403,166	6,232,134
- Standards fund	361,694	147,920
- Other DCSF grants	<u>31,083</u>	<u>591,188</u>
	392,777	739,108
Other Government Grants		
- Other government grants	191,986	332,551
- Capital Grant	<u>206,264</u>	<u>115,548</u>
	6,194,193	7,419,341
Leisure and recreation		
Leisure centre income	<u>287,183</u>	<u>256,414</u>
	<u>6,481,376</u>	<u>7,675,755</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

7. COSTS OF GENERATING VOLUNTARY INCOME

	Year Ended 31.08.09 £	Period 04.04.07 to 31.08.08 £
Staff costs	119,714	133,905
Student uniforms	-	6,059
School shop purchases	1,439	2,328
Catering supplies	88,259	100,839
Donated services	<u>183,886</u>	<u>290,694</u>
	<u>393,298</u>	<u>533,825</u>

8. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Support costs (See note 9) £	Totals £
Funding for the Academy's educational operations	4,286,750	1,364,565	5,651,315
Leisure and recreation	<u>340,553</u>	<u>207</u>	<u>340,760</u>
	<u>4,627,303</u>	<u>1,364,772</u>	<u>5,992,075</u>

9. SUPPORT COSTS

	Management £	Finance £	Defined Benefit Scheme £	Totals £
Funding for the Academy's educational operations	1,329,480	4,085	31,000	1,364,565
Leisure and recreation	<u>-</u>	<u>207</u>	<u>-</u>	<u>207</u>
	<u>1,329,480</u>	<u>4,292</u>	<u>31,000</u>	<u>1,364,772</u>

Support costs, included in the above, are as follows:

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

9. SUPPORT COSTS – continued

Management

	Year Ended 31.08.09	Period 04.04.07 to 31.08.08
	Funding for the Academy's educational operations £	Total activities £
Wages	683,495	736,466
Rates and water	52,893	50,636
Insurance	103,718	99,021
Light and heat	203,334	112,217
Telephone	28,331	31,401
Postage and stationery	28,110	30,214
Advertising	38,215	30,722
Sundries	14,257	9,623
Rent	60,000	-
Travel and subsistence	1,754	3,238
Subscriptions and licences	2,626	763
Professional fees	50,234	47,385
Security and maintenance	24,815	17,786
Staff recruitment expenses	50	6,167
Hospitality	4,239	4,270
Equipment and IT purchases	18,993	21,793
Staff development	14,416	19,299
	<u>1,329,480</u>	<u>1,221,001</u>

Finance

			Year Ended 31.08.09	Period 04.04.07 to 31.08.08
	Funding for the Academy's educational operations £	Leisure and recreation £	Total activities £	Total activities £
Bank charges	4,085	207	4,292	6,638

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

9. SUPPORT COSTS – continued

Defined Benefit Scheme

	Year Ended 31.08.09	Period 04.04.07 to 31.08.08
Funding for the Academy's educational operations £		Total activities £
Past Service costs	-	31,000
Difference between contributions and current service cost	(7,000)	(64,000)
Expected return on pension scheme assets	(77,000)	(68,000)
Interest on pension scheme liabilities	115,000	85,000
	<u>31,000</u>	<u>(16,000)</u>

The method used for the apportionment of support costs is disclosed in the accounting policies on page 18.

10. GOVERNANCE COSTS

	Year Ended 31.08.09	Period 04.04.07 to 31.08.08
£		£
Governor meeting costs	511	1,127
Auditors' remuneration	11,153	8,225
Auditors' remuneration for non-audit work	1,700	1,175
	<u>13,364</u>	<u>10,527</u>

11. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	Year Ended 31.08.09	Period 04.04.07 to 31.08.08
£		£
Auditors' remuneration	11,153	8,225
Auditors' remuneration for non-audit work	1,700	1,175
Depreciation - owned assets	<u>164,117</u>	<u>50,332</u>

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009**

12. GOVERNORS' REMUNERATION AND BENEFITS

The Governors and Trustees of the Academy did not receive any payment from the Academy other than the reimbursement of out of pocket expenses incurred in the course of their duties.

Governors Expenses

During the period, reimbursed expenses amounting to £511 (period ended 31 August 2008: £1,127) were paid to Governors.

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2009 was £5,187 (period ended 31 August 2008: £4,969).

Interests in transactions

P Rolfe is an employee of W&E Rolfe & Son a local hardware store (a business part owned by her husband) to which the Academy paid £1,798 during the financial year (period ended 31 August 2008: £1,164) in respect of hardware purchases. The purchases were supplied to the Academy at an arm's length value.

13. STAFF COSTS

	Year Ended 31.08.09 £	Period 04.04.07 to 31.08.08 £
Wages and salaries	<u>4,496,917</u>	<u>4,598,202</u>

The average monthly number of employees during the year was as follows:

	Year Ended 31.08.09	Period 04.04.07 to 31.08.08
Teachers and educational support	103	105
Administration and support	59	60
Leisure and recreation	27	30
Management	<u>8</u>	<u>8</u>
	<u>197</u>	<u>203</u>

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	31.08.09	31.08.08
60,000 - 70,000	2	2
110,000 - 120,000	1	1

The number of employees earning in excess of £60,000 (for the year) to whom retirement benefits are accruing:

31.08.09	31.08.08
3	3

All of the above participated in the Teachers Pension Scheme. During the financial pension contributions for these staff amounted to £37,365 (period ended 31 August 2008: £33,290).

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

14. TANGIBLE FIXED ASSETS

	Freehold Property	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Computer Equipment	Totals
	£	£	£	£	£	£
COST						
At 1.09.08	650,000	54,673	16,203	-	369,546	1,090,422
Additions	-	1,219	11,118	24,084	248,477	284,898
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31.08.09	650,000	55,892	27,321	24,084	618,023	1,375,320
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION						
At 1.09.08	-	3,721	2,159	-	44,452	50,332
Charge for year	10,000	8,216	5,697	502	139,702	164,117
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31.08.09	10,000	11,937	7,856	502	184,154	214,449
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE						
At 31.08.09	640,000	43,955	19,465	23,582	433,869	1,160,871
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31.08.08	650,000	50,952	14,044	-	325,094	1,040,090
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

14. TANGIBLE FIXED ASSETS – continued

	Year Ended	Period
Sources of funding for assets acquired (cumulative to date)	31.03.09	04.04.07 to 31.08.08
	£	£
Donated asset	650,000	650,000
General annual grant	670,647	385,749
KCC Devolved capital grant	<u>54,673</u>	<u>54,673</u>
Cost of fixed assets to 31 August 2009	1,375,320	1,090,422
Less: accumulated depreciation	<u>(214,449)</u>	<u>(50,332)</u>
Net book value of fixed assets at 31 August 2009	<u>1,160,871</u>	<u>1,040,090</u>

15. STOCKS

	31.03.09	31.08.08
	£	£
Stocks	<u>41,873</u>	<u>20,931</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.03.09	31.08.08
	£	£
Trade debtors	25,626	12,261
Prepayments and accrued income	160,027	75,466
Vat refund	<u>64</u>	<u>-</u>
	<u>185,717</u>	<u>87,727</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.03.09	31.08.08
	£	£
Trade creditors	269,262	50,016
Social security and other taxes	-	6,700
Other creditors	44,385	45,673
Accruals and deferred income	<u>256,884</u>	<u>509,062</u>
	<u>570,531</u>	<u>611,451</u>

18. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	31.08.09	31.08.08	31.08.09	31.08.08
	£	£	£	£
Expiring:				
Between one and five years	<u>60,000</u>	<u>-</u>	<u>28,780</u>	<u>28,780</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

19. PENSION COMMITMENTS

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

The total pension cost to the Academy during the period ended 31 August 2009 was £468,322 (2008: £510,667) of which £294,566 (2008: £303,895) relates to the TPS and £173,756 (2008: £206,772) relates to LGPS.

Teachers Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account will be credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Not less than every four years, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

Contributions are assessed in two parts. First, a standard contribution is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%. The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 millions.

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009**

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been 19.75% plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement has also introduced – effective for the first time with effect from the 2008 valuation - a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at: www.teachernet.gov.uk/pensions.

Local Government Pension Scheme

The Academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS) managed by Kent County Council.

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The total contribution made for the year ended 31 August 2009 was £234,468 (2008:£266,007) of which employer's contributions totalled £173,757 (2008: £206,773) and employees' contributions totalled £60,711 (2008: £59,234). The employer's contribution paid included outstanding contributions from 2008 totalling £nil. The agreed contribution rates for the year ended 31 August 2009 were 17.5% (Sept-Mar) and 17.5% (Apr-Aug) for employers and between 5-8% for employees.

The following information is based upon a full actuarial valuation of the fund at 31 March 2009, updated to 31 August 2009 by a qualified independent actuary.

The amounts recognised in the balance sheet are as follows:

	Defined benefit Pension plans	
	Year Ended 31.08.09 £	Period 04.04.07 to 31.08.08 £
Present value of funded obligations	(2,429,000)	(1,664,000)
Fair value of plan assets	<u>1,163,000</u>	<u>1,038,000</u>
	(1,266,000)	(626,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(1,266,000)</u>	<u>(626,000)</u>
Net Liability	<u>(1,266,000)</u>	<u>(626,000)</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

Current service cost	154,000	143,000
Interest cost	115,000	85,000
Expected return	(77,000)	(68,000)
Past service cost	-	31,000
Losses/(Gains) on Curtailments and Settlements	65,000	-
	<u>257,000</u>	<u>191,000</u>

Actual return on plan assets	<u>(62,000)</u>	<u>(50,000)</u>
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Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	1,664,000	1,343,000
Current service cost	154,000	143,000
Past service cost	-	31,000
Contributions by scheme participants	60,000	59,000
Interest cost	115,000	85,000
Actuarial losses/ (gains)	420,000	3,000
Losses/(Gains) on Curtailments	65,000	-
Estimated benefits paid	<u>(49,000)</u>	<u>-</u>
Deficit	<u>2,429,000</u>	<u>1,664,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit Pension plans	
	Year Ended	Period
	31.08.09	04.04.07 to 31.08.08
	£	£
Opening fair value of scheme assets	1,038,000	827,000
Contributions by employer	226,000	207,000
Contributions by scheme participants	60,000	59,000
Expected return	77,000	68,000
Actuarial losses/ (gains)	(189,000)	(123,000)
Estimated benefits paid	<u>(49,000)</u>	<u>-</u>
	<u>1,163,000</u>	<u>1,038,000</u>

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the statement of recognised gains and losses are as follows:

Actuarial gains/(losses)	<u>(609,000)</u>	<u>(127,000)</u>
Contributions by employer	<u>(609,000)</u>	<u>(127,000)</u>
Cumulative amount of actuarial Gains/(losses)	<u>(736,000)</u>	<u>(127,000)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

Equities	814,000	714,000
Bonds	198,000	155,000
Property	81,000	98,000
Cash	<u>70,000</u>	<u>71,000</u>
	<u>1,163,000</u>	<u>1,038,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Discount rate	5.40%	6.40%
Expected return on scheme assets	6.40%	6.80%
Future salary increases	4.90%	5.50%
Future pension increases	3.40%	4.00%

Amounts for the current period are as follows:

	Year Ended 31.08.09 £	Period 04.04.07 to 31.08.08 £
Defined benefit pension plans		
Defined benefit obligation	(2,429,000)	(1,664,000)
Fair value of scheme assets	1,163,000	1,038,000
Deficit	(1,266,000)	(626,000)
Experience adjustments on scheme liabilities	(153,000)	(1,000)
Experience adjustments on scheme assets	(189,000)	(123,000)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

20. RESTRICTED FUNDS

	Balance at 01.09.08 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31.08.2009 £
Restricted general funds					
General Annual Grant	152,459	5,250,666	(4,728,431)	(284,898)	389,796
Set up grant A	790,363	-	-	-	790,363
Set up grant B	215,542	152,500	(162,000)	-	206,042
EAG 2	-	31,083	(31,083)	-	-
Other government grants	114,488	553,680	(548,048)	-	120,120
Pension Fund	-	-	(640,000)	(626,000)	(1,266,000)
	<u>1,272,852</u>	<u>5,987,929</u>	<u>(6,109,562)</u>	<u>(910,898)</u>	<u>240,321</u>
Restricted fixed asset funds					
Capital expenditure from GAG	339,138	-	(145,915)	284,898	478,121
DCSF capital grant	111,827	206,264	(8,202)	-	309,889
Donated asset	650,000	-	(10,000)	-	640,000
	<u>1,100,965</u>	<u>206,264</u>	<u>(164,117)</u>	<u>284,898</u>	<u>1,428,010</u>
Endowment fund					
The Marsh Academy Endowment Fund	772,857	100,000	-	(22,857)	850,000
	<u>772,857</u>	<u>100,000</u>	<u>-</u>	<u>(22,857)</u>	<u>850,000</u>
Total Restricted funds	<u>3,146,674</u>	<u>6,294,193</u>	<u>(6,273,679)</u>	<u>(648,857)</u>	<u>2,518,331</u>

General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.

Start Up Grant A must be used to meet the expenditure of providing basic stocks of teaching and learning materials. Start Up Grant B is intended to cover a lack of economies of scale (in terms of pupil numbers) and costs associated with the recruitment and introduction of additional staff.

Restricted fixed asset funds were funded by government grants and sponsors and a transfer from unrestricted funds to the restricted fixed asset fund.

Kent County Council and The De Haan Charitable Trust have gifted certain monies for the benefit of The Marsh Academy. The Marsh Academy Endowment Fund was therefore established. During the period under review, a gift of £100,000 was received from the De Haan Charitable Trust.

The pension liability arising from the defined benefit contribution scheme was charged to unrestricted reserves in last years financial statements. The governors have reviewed this policy and have decided that the pension liability should be charged to restricted reserves. This is because the obligation to fund the deficit is met from the General Annual Grant funding which is accounted for through restricted reserves and therefore it is more appropriate to charge the deficit to restricted reserves. As a result the pension deficit shown in the previous year's financial statements has been transferred to restricted reserves in this year's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Endowment funds	Total
	£	£	£	£	£
Tangible fixed assets	-	-	1,160,871	-	1,160,871
Current assets	147,836	2,004,454	267,139	850,000	3,269,429
Current liabilities	(72,398)	(498,133)	-	-	(570,531)
Pension scheme liability	(1,266,000)	-	-	-	(1,266,000)
	<u>(1,190,562)</u>	<u>1,506,321</u>	<u>1,428,010</u>	<u>850,000</u>	<u>2,593,769</u>

22. MEMBERS LIABILITY

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

23. ULTIMATE CONTROLLING PARTY

The Academy is run by the management team on a day to day basis. Strategic decisions are made by the board of Governors. There is no ultimate controlling party.

24. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds for the purposes of its charitable objectives or to repay to the Secretary of State for Children, Schools and Families the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.