

**Company Registration Number: 07680422** (England and Wales)

**MARCHES ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

WEDNESDAY



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COMPANIES HOUSE

 **Bishop Fleming**  
Chartered Accountants

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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**MARCHES ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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<b>Members</b>	Mr A E Walpole Mr D J Griffiths Ms A Burgess Mr R S Pearson Mrs K Campion (appointed 1 November 2017) The Church of England Central Educational Trust (appointed 1 November 2017) Mr R Forrester (appointed 1 November 2017)
<b>Trustees</b>	Mrs K Campion (resigned 1 November 2017) <sup>1,2</sup> Mr A Fry (appointed 23 February 2017) <sup>1,2</sup> Mr D J Griffiths <sup>1,2</sup> Rev. Canon Dr J Hunt (appointed 1 November 2017) Mr M A Liquorish <sup>1,2</sup> Mrs S Longville, CEO <sup>1,2</sup> Mr R S Pearson (resigned 1 November 2017) <sup>1,2</sup> Mr A E Walpole, Chair <sup>1,2</sup>  <sup>1</sup> Finance and Premises Committee <sup>2</sup> Standards Committee
<b>Company registered number</b>	07680422
<b>Company name</b>	Marches Academy Trust
<b>Principal and registered office</b>	The Marches School Morda Road Oswestry Shropshire SY11 2AR
<b>Company secretary</b>	Ms J Jones
<b>Accounting Officer</b>	Mrs S Longville
<b>Senior management team</b>	Mrs S Longville, CEO Mr D O'Toole, Headteacher Mrs A Pearson, Associate Headteacher Mrs R Lloyd, Deputy Headteacher Mr T Stonall, Deputy Headteacher Mrs C Buckle, Assistant Headteacher Ms O Glackin, Assistant Headteacher Mrs C Dawson, Assistant Headteacher Mr T Whitworth, Assistant Headteacher (resigned 31/08/2017) Ms J Jones, Business Manager
<b>Independent auditors</b>	Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Advisers (continued)**

<b>Bankers</b>	Barclays Bank PLC 44 - 46 Castle Street Shrewsbury Shropshire SY1 2BU
<b>Solicitors</b>	Browne Jacobson Victoria Square House Victoria Square Birmingham B2 4BU

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 secondary academies for pupils aged 11 to 18 in North Shropshire. Its academies have a combined pupil capacity of 2,221 and had a roll of 1,936 in the school census on 1 October 2017.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust, the Academy Trust adopted new Articles of Association on 1st November 2017 in preparation for a Church School joining the Trust in December 2017.

The Trustees of Marches Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Marches Academy Trust.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

**Members' Liability**

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

**Trustees' Indemnities**

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £2,000,000.

**TRUSTEES**

**Method of Recruitment and Appointment or Election of Trustees**

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 6 Trustees who are appointed by the members.
- up to 2 Trustees who are appointed by the Diocesan Board of Education
- The Chief Executive Officer

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected. Diocesan representation on the board is limited to a maximum of 25% of the membership.

**MARCHES ACADEMY TRUST  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2017**

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When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Each School within the Trust has its own Local Governing Body each of which contain at least 2 parent members.

**Policies and Procedures Adopted for the Induction and Training of Trustees**

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

**Organisational Structure**

The Board of Trustees normally meets twice each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 2 committees as follows;

- Finance and Premises Committee - this meets twice each term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also monitors on going premises and site matters.
- Standards Committee - this meets twice each term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues. The committee also monitors the staffing establishment, appointment procedures, performance management, pay policies and staff salaries.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the annual development plans and budget.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy Trust to the CEO. At an individual Academy Level the CEO, Headteacher and Leadership Group (LG) are responsible for the day to day management of the schools. The LG implement the policies laid down by the Trustees and report back to them on performance.

In addition to the Trust board and its committees each school within the Trust has a Local Governing Body (LGB). The LGB meets twice each term and contains representatives from the Trust board, Parents and the local community. These bodies are responsible for holding the Headteacher and Trustees to account over the performance of the School. Minutes of LGB meetings are reviewed at Trust board meetings to ensure that any issues raised are formally considered.

The Chief Executive Officer is the Accounting Officer.

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

The pay of key management personnel is reviewed annually and increased in line with the uplifts in the School Teachers Pay and Conditions document and benchmarked against other Schools.

**Connected Organisations, including Related Party Relationships**

There are no related parties which either control or significantly influence the decisions and operations of Marches Academy Trust. There are no formal Parent Teacher Associations associated with the Academy.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal object and activity of the Academy Trust is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools, offering a broad and balanced curriculum.

At Marches Academy Trust, we aim to get the best for, and from, each student. We intend to enable each student to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy Trust is a community in which students, staff and parents should be part of a happy and caring environment.

**Objectives, Strategies and Activities**

Key activities and targets were identified in the Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding. The activities included the following:

- To ensure that all students achieve their personal best by developing a personalised approach to their learning.
- To ensure that the gap is closed between all sub groups and that all students are given every opportunity to make progress, achieve and attain in line with their peers.

**Public Benefit**

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy Trust aims to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

**MARCHES ACADEMY TRUST  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**STRATEGIC REPORT**

**Achievements and Performance  
The Marches School**

The total number of students in the year ended 31 August 2017 was 1,419 and this increased slightly to 1,421 in September 2017.

In August 2017 our cohort of Sixth Form students received their A-level results, the outcome was outstanding once again with 22% of all grades awarded at A or A\* grades. The School ran a programme to stretch the most able students and one of our students successfully applied to Cambridge University for the second year running.

Our year 11 students also received their GCSE results in August 2017. The School achieved a progress 8 score in the 'Average' banding indicating that our students are making 'expected progress' across the curriculum. In total, 44% of students achieved grade 5 or above in Maths and English, above both National and Local Authority Averages.

The School pays close attention to student attendance and works hard to ensure that students maintain a good attendance record. Average attendance this year was 94.81%.

The School is committed to more than just academic outcomes for its students and this continued the development of the 'Marches Futures' award. The award has been developed in conjunction with business and the wider community to develop skills of our students to boost employability and their contribution to the community. The award has been a great success and continues to be supported by employers and the wider community.

The School takes great pride in its links with the local community and one again hosted a community fun day supported by a large local employer. Several thousand visitors attended on the day and the event is now very much embedded in the local calendar.

**Sir John Talbot's School**

The total number of students in the year ended 31st August 2017 was 504 but this had increased to 515 in September 2017 following strong recruitment into year 7.

In August 2017 our Sixth Form students received their A-level results with an average of a C grade awarded.

Our year 11 students also received their GCSE results in August 2017. The School achieved a progress 8 score in the Average band indicating that our students are making 'expected progress' across the curriculum.

The School continues to forge strong links with the local community; the on-site leisure centre has in excess of 300 members from across the community and the School hosts regular 'Business Forum' meetings which are well attended and supported. The School also hosted the first Whitchurch 10k run and worked with sponsors and the wider community in raising £5,000 for charity from the event.

**Alliance of Leading Learning**

Early in the year, the Trust was awarded Teaching School status and formed its Teaching School Alliance – The Alliance of Leading Learning. The formation of the Alliance has opened new opportunities for the Trust to develop diversified income streams and in July 2017 the Alliance was awarded a licence by The National College for School Leadership to deliver its suite of School Leadership qualifications. This programme will commence in the coming financial year.



**MARCHES ACADEMY TRUST  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Tilstock Primary School**

Tilstock Primary School joined the Trust on 1 December 2017. This is the first primary school to join the trust and the first church school in the trust bringing the Church of England Central Education Trust (CECET) into the trust as a corporate member and bringing diocesan representation onto the board of Trustees.

**Key Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, in the period under review unrestricted general reserves totalled £193,731 and restricted reserves (excluding pension deficit) were £162,700.

Another key financial performance indicator is staffing costs as a percentage of income. For 2017 this was 79%, this is consistent with the 2016 figure.

**Going Concern**

After making appropriate enquiries, the Board of Trustees has 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. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which 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 useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2017, total expenditure of £10,664,259 was covered by recurrent grant funding from the DfE, together with other incoming resources of £719,505.

At 31 August 2017 the net book value of fixed assets was £17,136,090 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.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 24 to the financial statements.

**Reserves Policy**

The Trustees 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 reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves should be approximately £200,000. 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. The Academy's current level of free reserves is £251,044.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income.

**MARCHES ACADEMY TRUST  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Investment Policy**

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. All funds surplus to immediate requirements are invested to optimal effect. On a daily basis this is achieved by automatic transfer of surplus funds to an overnight deposit account.

**Principal Risks And Uncertainties**

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

**Financial** - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 94% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

**Reputational** - the continuing success of the Academies are dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

**Safeguarding and child protection** - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

**Staffing** - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

**Fraud and mismanagement of funds** - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance and Premises Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 24 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**PLANS FOR FUTURE PERIODS**

The Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Schools in the Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Trust will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our Development Plan, which is available on our website or from the Clerk to the Trustees.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

**AUDITORS**

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 15/12/2017 and signed on the board's behalf by:



**Mr A E Walpole  
Chair of Trustees**

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

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

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs K Campion	4	7
Mr A Fry	3	3
Mr D J Griffiths	7	7
Rev. Canon Dr J Hunt	0	0
Mr M A Liquorish	7	7
Mrs S Longville, CEO and Accounting Officer	7	7
Mr R S Pearson	1	7
Mr A E Walpole, Chair	7	7

The **Finance and Premises Committee** is a sub-committee of the main Board of Trustees. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, compliance with reporting and regulatory requirements, receiving reports from the responsible officer and drafting the annual budget.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D J Griffiths (Chair)	6	6
Mrs S Longville (CEO and Accounting Officer)	6	6
Mr M Liquorish	6	6
Mr A Fry	3	3
Mr R S Pearson	0	6
Mr A E Walpole	6	6
Mrs K Campion	2	6

The Audit Committee requirement is satisfied by the Finance and Premises Committee receiving reports from an appointed external Responsible Officer.

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

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

**Generating new income streams** – The Trust continues to actively investigate developing additional income streams to reduce reliance on General Annual Grant funding. During the year, the Marches School was awarded teaching school status which produced additional revenue funding and creates further opportunities to grow this stream in the coming years via initiatives such as the NPQ licence. The Trust has also made successful applications to the Condition Improvement Fund to replace areas of flat roofing and new boilers, which will improve energy efficiency across the estate.

**Review of staffing structures** – During the year the Trust reviewed its staffing structure; this review saw the redundancy of Teaching Assistant posts across the Trust and the recruitment of higher skilled Access Leaders whose skills are more closely aligned to the needs of our students.

**Collaborating with other Schools** – The Trust continues to collaborate closely with its feeder primary schools as well as the wider schools community both locally and nationally. The CEO of the Trust is a National Leader of Education and the Trust participates in the PiXL network of schools which ensure the Trust remains outward looking and at the forefront of developments within the sector.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Marches Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE RISK AND CONTROL FRAMEWORK**

The Academy'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 Board of Trustees;
- regular reviews by the Finance 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;

**MARCHES ACADEMY TRUST  
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**GOVERNANCE STATEMENT (continued)**

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- identification and management of risks. .

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included testing on payroll systems, testing over income and expenditure, and review of IT policies and procedures.

On a termly basis, the auditors report to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the 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 external auditors;
- 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 by the Finance and Premises Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 15/12/2017 and signed on their behalf, by:



**Mr A E Walpole  
Chair of Trustees**



**Mrs S Longville  
Accounting Officer**

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Marches Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

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.



**Mrs S Longville  
Accounting Officer**

15/12/2017

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees (who act as governors of Marches Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



**Mr A E Walpole  
Chair of Trustees**

**Date: 15/12/2017**



**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
MARCHES ACADEMY TRUST**

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**OPINION**

We have audited the financial statements of Marches Academy Trust for the year ended 31 August 2017 which comprise the Statement of financial activities, the Balance sheet, the 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy 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 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. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
MARCHES ACADEMY TRUST**

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' report 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 Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law 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 Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 Academy's or to cease operations, or have no realistic alternative but to do so.

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
MARCHES ACADEMY TRUST**

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**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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

*Bishop Fleming LLP*

John Talbot FCA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: *20 December 2017*

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MARCHES  
ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 26 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Marches Academy Trust during the year 1 September 2016 to 31 August 2017 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 Marches Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Marches Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Marches Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF MARCHES ACADEMY TRUST'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Marches Academy Trust's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MARCHES  
ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Bishop Fleming LLP*

John Talbot FCA (Reporting Accountant)

**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
16 Queen Square  
Bristol  
BS1 4NT

Date: *20 December 2017*

**MARCHES ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	-	835,342	835,342	38,549
Charitable activities	3	359,667	9,634,103	-	9,993,770	9,601,631
Other trading activities	4	115,621	-	-	115,621	131,119
Investments	5	4,872	-	-	4,872	6,813
Other income		239,345	-	-	239,345	184,457
<b>TOTAL INCOME</b>		<b>719,505</b>	<b>9,634,103</b>	<b>835,342</b>	<b>11,188,950</b>	<b>9,962,569</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		785,755	9,878,504	505,272	11,169,531	10,588,907
<b>TOTAL EXPENDITURE</b>	6	<b>785,755</b>	<b>9,878,504</b>	<b>505,272</b>	<b>11,169,531</b>	<b>10,588,907</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	19	(66,250) (24,000)	(244,401) -	330,070 24,000	19,419 -	(626,338) -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(90,250)	(244,401)	354,070	19,419	(626,338)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	934,000	-	934,000	(1,832,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(90,250)</b>	<b>689,599</b>	<b>354,070</b>	<b>953,419</b>	<b>(2,458,338)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		283,981	(4,367,899)	17,079,598	12,995,680	15,454,018
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>193,731</b>	<b>(3,678,300)</b>	<b>17,433,668</b>	<b>13,949,099</b>	<b>12,995,680</b>

**MARCHES ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 07680422**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	14		17,136,090		17,074,607
<b>CURRENT ASSETS</b>					
Stocks	15	773		773	
Debtors	16	790,218		332,399	
Cash at bank and in hand		1,356,921		1,121,198	
		<u>2,147,912</u>		<u>1,454,370</u>	
<b>CREDITORS: amounts falling due within one year</b>	17	<u>(1,493,903)</u>		<u>(1,004,297)</u>	
<b>NET CURRENT ASSETS</b>			<u>654,009</u>		<u>450,073</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>17,790,099</u>		<u>17,524,680</u>
Defined benefit pension scheme liability	24		<u>(3,841,000)</u>		<u>(4,529,000)</u>
<b>NET ASSETS</b>			<u><u>13,949,099</u></u>		<u><u>12,995,680</u></u>
<b>FUNDS OF THE ACADEMY TRUST</b>					
Restricted funds:					
General funds	19	162,700		161,101	
Fixed asset funds	19	17,433,668		17,079,598	
Restricted funds excluding pension liability		<u>17,596,368</u>		<u>17,240,699</u>	
Pension reserve		<u>(3,841,000)</u>		<u>(4,529,000)</u>	
Total restricted funds			<u>13,755,368</u>		<u>12,711,699</u>
Unrestricted funds	19		<u>193,731</u>		<u>283,981</u>
<b>TOTAL FUNDS</b>			<u><u>13,949,099</u></u>		<u><u>12,995,680</u></u>

The financial statements on pages 20 to 44 were approved by the Trustees, and authorised for issue, on 15/12/2017 and are signed on their behalf, by:

  
**Mr A E Walpole**  
**Chair of Trustees**

The notes on pages 23 to 44 form part of these financial statements.

**MARCHES ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	21	16,097	(452,715)
<b>Cash flows from investing activities:</b>			
Interest received		4,872	6,813
Purchase of tangible fixed assets		(308,905)	(108,797)
Capital grants from DfE/ESFA		523,659	38,549
<b>Net cash provided by/(used in) investing activities</b>		<b>219,626</b>	<b>(63,435)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>235,723</b>	<b>(516,150)</b>
Cash and cash equivalents brought forward		1,121,198	1,637,348
<b>Cash and cash equivalents carried forward</b>	22	<b>1,356,921</b>	<b>1,121,198</b>

The notes on pages 23 to 44 form part of these financial statements.



**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Marches Academy Trust constitutes a public benefit entity as defined by FRS 102.

**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 trust 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.

**MARCHES ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance 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.

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 (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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

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 and 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.

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**MARCHES ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Assets under construction	-	not depreciated
Long Term Leasehold Land and buildings	-	Land: over 125 years Buildings: over 50 years Property improvements: over 10 years
Office equipment	-	5 years straight line
Computer equipment	-	3 years straight line

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

**1.6 STOCKS**

Stocks are valued at the lower of cost and net realisable value.

**1.7 DEBTORS**

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

**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 and cash on deposit that has a notice period of less than 30 days.

**1.9 LIABILITIES AND PROVISIONS**

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

**MARCHES ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 FINANCIAL INSTRUMENTS**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**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 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**MARCHES ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.13 FUND ACCOUNTING**

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**1.14 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

**1.15 AGENCY ARRANGEMENTS**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use a percentage of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds, received and paid are disclosed in note 30.

**MARCHES ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Interim results of the actuarial valuation performed as at 31st March 2016 indicate a deficit significantly lower than that disclosed in these accounts. The full actuarial valuation reviews the assets and liabilities of the pension fund in a more detailed manner and as a result the deficit is significantly lower than disclosed. The Trust considers a key factor in the Local Government Pension Fund to be the employer contribution rate which is due to reduce in April 2017 as a result of the full actuarial valuation.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital Grants	-	-	835,342	835,342	38,549
<b>Total 2016</b>	-	-	38,549	38,549	

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**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATION**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	8,779,025	8,779,025	8,659,592
Start up Grants	-	132,000	132,000	132,000
Other DfE/ESFA grants	-	385,571	385,571	372,280
	-	9,296,596	9,296,596	9,163,872
<b>Other Government grants</b>				
Other government grants non capital	93,821	337,507	431,328	219,376
	93,821	337,507	431,328	219,376
<b>Other funding</b>				
Internal catering income	40,022	-	40,022	13,051
Income for hosting trainee teachers	225,824	-	225,824	205,332
	265,846	-	265,846	218,383
	359,667	9,634,103	9,993,770	9,601,631
<b>Total 2016</b>	243,381	9,358,250	9,601,631	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	115,621	-	115,621	131,119
<b>Total 2016</b>	131,119	-	131,119	

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**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	4,872	-	4,872	6,813
<i>Total 2016</i>	6,813	-	6,813	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Education:					
Direct costs	7,348,032	505,272	554,917	8,408,221	8,002,609
Support costs	1,270,795	625,699	864,816	2,761,310	2,586,298
	8,618,827	1,130,971	1,419,733	11,169,531	10,588,907
<i>Total 2016</i>	7,877,107	-	2,515,143	10,392,250	

**7. DIRECT COSTS**

	Total 2017 £	Total 2016 £
Pension finance costs	42,000	102,000
Educational supplies	233,236	230,290
Examination fees	146,125	145,558
Staff development	63,433	57,646
Other costs	12,123	5,239
Supply teachers	260,302	279,663
Wages and salaries	5,627,966	5,368,038
National insurance	556,225	455,630
Pension cost	961,539	867,020
Depreciation	505,272	491,524
	8,408,221	8,002,608
<i>At 31 August 2016</i>	8,002,608	

The Trustees have reallocated supply teacher costs from wages and salaries costs to assist in the understanding of the accounts.



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**8. SUPPORT COSTS**

	Total 2017 £	Total 2016 £
Pension finance costs	58,000	3,000
Educational supplies	22,546	32,947
Other costs	119,198	113,496
Recruitment and support	50,952	51,360
Maintenance of premises and equipment	186,124	155,751
Cleaning	148,673	111,900
Rent and rates	66,153	68,209
Energy costs	224,749	193,437
Insurance	117,358	132,090
Security and transport	71,827	40,192
Catering	77,292	87,890
Technology costs	88,077	143,492
Office overheads	122,369	171,214
Legal and professional	179,109	161,672
Bank interest and charges	323	555
Governance	15,765	15,680
Wages and salaries	868,320	853,652
National insurance	64,061	51,983
Pension cost	280,414	197,778
	<u>2,761,310</u>	<u>2,586,298</u>
<i>At 31 August 2016</i>	<u>2,586,298</u>	

**9. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	505,271	491,524
Auditors' remuneration - audit	15,275	14,975
Auditors' remuneration - other services	705	705
Operating lease rentals	<u>52,427</u>	<u>90,493</u>

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**10. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	6,496,286	6,221,690
Social security costs	620,286	507,613
Operating costs of defined benefit pension schemes	1,241,953	1,064,798
	<u>8,358,525</u>	<u>7,794,101</u>
Supply teacher costs	260,302	83,006
	<u>8,618,827</u>	<u>7,877,107</u>

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

	2017 No.	2016 No.
Teachers	133	127
Administration and support	101	108
Management	10	10
	<u>244</u>	<u>245</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	1
In the band £110,001 - £120,000	0	1
In the band £120,001 - £130,000	1	0

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team, as detailed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £773,433 (2016: £755,330). The increase is due to a disproportionate increase in pension and National Insurance contributions.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. CENTRAL SERVICES**

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

- Payroll & HR
- Legal & Professional
- Finance
- Insurance
- Marketing
- Executive Headteacher

The Academy charges for these services on the following basis:

5% of GAG Income

The actual amounts charged during the year were as follows:

	2017 £	2016 £
The Marches School	317,730	316,958
Sir John Talbot's School	121,221	117,951
Total	<u>438,951</u>	<u>434,909</u>

**12. GOVERNORS' REMUNERATION AND RELATED PARTY TRANSACTIONS**

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration including pension contributions in respect of defined benefit schemes in the year was as follows; Mrs S Longville (Executive Headteacher): Remuneration £120,000 - £125,000 (2016: £115,000 - £120,000), Employer's pension contributions £20,000 - £25,000 (2015: £15,000 - £20,000). Ms H Griffiths (Daughter of Mr D Griffiths): Remuneration £35,000- £40,000 (2016: £35,000 - £40,000), Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

During the year, no Trustees received any benefits in kind (2016: £NIL).

During the year ended 31 August 2017, 1 Trustee received reimbursement of expenses totalling £1,491 (2016: £1,426).

**13. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. For the year ended 31 August 2017 the cover was provided through the Education Funding and Skills Agency's Risk Protection Arrangement. Accordingly, the cost of the trustee element is not separately identifiable.

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**14. TANGIBLE FIXED ASSETS**

	Assets under the course of construction £	Land and buildings £	Office equipment £	Computer equipment £	Total £
<b>COST</b>					
At 1 September 2016	19,327	18,461,959	23,024	268,218	18,772,528
Additions	502,131	18,917	-	45,706	566,754
Transfer between classes	(19,327)	19,327	-	-	-
At 31 August 2017	502,131	18,500,203	23,024	313,924	19,339,282
<b>DEPRECIATION</b>					
At 1 September 2016	-	1,516,885	18,605	162,431	1,697,921
Charge for the year	-	421,681	3,915	79,675	505,271
At 31 August 2017	-	1,938,566	22,520	242,106	2,203,192
<b>NET BOOK VALUE</b>					
At 31 August 2017	502,131	16,561,637	504	71,818	17,136,090
At 31 August 2016	19,327	16,945,074	4,419	105,787	17,074,607

**15. STOCKS**

	2017 £	2016 £
Uniforms	773	773

**16. DEBTORS**

	2017 £	2016 £
Trade debtors	44,499	42,590
Other debtors	572	2,139
Prepayments and accrued income	613,626	209,223
VAT recoverable	131,521	78,447
	790,218	332,399

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**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade creditors	772,216	552,373
Other taxation and social security	162,257	149,917
Other creditors	210,277	191,621
Accruals and deferred income	349,153	110,386
	<u>1,493,903</u>	<u>1,004,297</u>
	2017 £	2016 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2016	35,309	28,720
Resources deferred during the year	80,732	35,309
Amounts released from previous years	(35,309)	(28,720)
Deferred income at 31 August 2017	<u>80,732</u>	<u>35,309</u>

**18. FINANCIAL INSTRUMENTS**

	2017 £	2016 £
Financial assets measured at fair value through income and expenditure	1,356,921	1,121,198
Financial assets measured at amortised cost	45,071	44,729
	<u>1,401,992</u>	<u>1,165,927</u>
Financial liabilities measured at amortised cost	<u>1,121,369</u>	<u>1,004,297</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank.

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

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**19. STATEMENT OF FUNDS**

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>UNRESTRICTED FUNDS</b>						
General funds	283,981	719,505	(785,755)	(24,000)	-	193,731
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	161,101	8,779,025	(8,882,813)	-	-	57,313
Higher Needs funding	-	167,507	(167,507)	-	-	-
Pupil Premium (PP)	-	385,571	(385,571)	-	-	-
Start Up Grant (SUG)	-	132,000	(132,000)	-	-	-
Other ESFA Grants	-	60,000	(60,000)	-	-	-
Tilstock sponsorship	-	110,000	(4,613)	-	-	105,387
Pension reserve	(4,529,000)	-	(246,000)	-	934,000	(3,841,000)
	<u>(4,367,899)</u>	<u>9,634,103</u>	<u>(9,878,504)</u>	<u>-</u>	<u>934,000</u>	<u>(3,678,300)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	14,970,862	-	(292,870)	-	-	14,677,992
Fixed assets purchased from GAG and other restricted funds	123,709	-	(63,995)	24,000	-	83,714
Academies Capital Maintenance Fund (ACMF)	1,571,261	796,061	(98,061)	-	-	2,269,261
Devolved Formula Capital (DFC)	133,045	39,281	(29,779)	-	-	142,547
Building refurbishment grant	109,441	-	(2,300)	-	-	107,141
Fixed Assets purchased from General Funds	171,280	-	(18,267)	-	-	153,013
	<u>17,079,598</u>	<u>835,342</u>	<u>(505,272)</u>	<u>24,000</u>	<u>-</u>	<u>17,433,668</u>
Total restricted funds	<u>12,711,699</u>	<u>10,469,445</u>	<u>(10,383,776)</u>	<u>24,000</u>	<u>934,000</u>	<u>13,755,368</u>
Total of funds	<u>12,995,680</u>	<u>11,188,950</u>	<u>(11,169,531)</u>	<u>-</u>	<u>934,000</u>	<u>13,949,099</u>

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**19. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>UNRESTRICTED FUNDS</b>						
General funds	308,768	565,770	(527,250)	(63,307)	-	283,981
Unrestricted fixed assets	120,504	-	(12,531)	(107,973)	-	-
	<u>429,272</u>	<u>565,770</u>	<u>(539,781)</u>	<u>(171,280)</u>	<u>-</u>	<u>283,981</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	274,946	8,824,692	(8,931,598)	(6,939)	-	161,101
Higher Needs funding	-	145,566	(145,566)	-	-	-
Pupil Premium (PP)	-	387,992	(387,992)	-	-	-
Young Apprentices	977	-	(977)	-	-	-
Pension reserve	(2,593,000)	-	(104,000)	-	(1,832,000)	(4,529,000)
	<u>(2,317,077)</u>	<u>9,358,250</u>	<u>(9,570,133)</u>	<u>(6,939)</u>	<u>(1,832,000)</u>	<u>(4,367,899)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	15,264,524	-	(293,662)	-	-	14,970,862
Fixed assets purchased from GAG and other restricted funds	176,409	-	(59,639)	6,939	-	123,709
Academies Capital Maintenance Fund (ACMF)	1,669,322	-	(98,062)	-	-	1,571,260
Devolved Formula Capital (DFC)	119,827	38,549	(25,331)	-	-	133,045
Building refurbishment grant	111,742	-	(2,300)	-	-	109,442
Fixed Assets purchased from General Funds	-	-	-	171,280	-	171,280
	<u>17,341,824</u>	<u>38,549</u>	<u>(478,994)</u>	<u>178,219</u>	<u>-</u>	<u>17,079,598</u>
Total restricted funds	<u>15,024,747</u>	<u>9,396,799</u>	<u>(10,049,127)</u>	<u>171,280</u>	<u>(1,832,000)</u>	<u>12,711,699</u>
Total of funds	<u>15,454,019</u>	<u>9,962,569</u>	<u>(10,588,908)</u>	<u>-</u>	<u>(1,832,000)</u>	<u>12,995,680</u>

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

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**19. STATEMENT OF FUNDS (continued)**

**RESTRICTED FUNDS:**

*General Annual Grant (GAG) - income in restricted funds relates the General Grant which is provided to the School by the Education and Skills Funding Agency in order to fund the day-to-day operations of the School.*

*Pupil Premium (PP) - income in restricted grants relates to funding provided by the Education and Skills Funding Agency for the School to provide additional support to pupils from low income families.*

*Higher Needs funding - in restricted grants relates to funding provided by Shropshire Council for the School to provide additional support to pupils with high needs.*

*Start up Grant - This represents one off funding received from the ESFA to contribute to the cost of converting from a school to an academy.*

*Sponsorship income - One off funding received to contribute to the costs associated with having a new school join the Academy Trust.*

*Pension reserve - this represents the academy's share of the assets and liabilities in the Local Government Pension Scheme.*

*Other ESFA - income which has been received for specific purposes from the ESFA.*

*Tilstock Partnership - income which has been received for specific sponsorship of Tilstock C.E. Primary School and Nursery.*

**RESTRICTED FIXED ASSET FUNDS:**

*Fixed assets transferred on conversion - this represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.*

*Fixed assets purchased from GAG - this represents capital assets that have been purchased out of restricted GAG funding.*

*Academies Capital Maintenance Fund (ACMF) - are restricted grants relates to a grant provided to the School from the Academies Capital Maintenance fund to be used for the building work on new sixth form building.*

*Devolved Formula Capital funding (DFC) - are restricted grants relates to funding provided by the Education and Skills Funding agency for the School to use for the purchase or maintenance of fixed assets.*

*Building refurbishment grant - is a restricted grant towards the cost of refurbishing an adjoining property for us as an educational facility.*

*Fixed Assets purchased from general funds- this represents capital assets that have been purchased out of unrestricted general funds.*

**TRANSFERS BETWEEN FUNDS:**

*The transfers between the restricted, unrestricted and restricted fixed asset fund represents the transfer of capital expenditure from the General Annual Grant (GAG) and unrestricted funds during the year.*

*Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.*



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**19. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £</b>	<b>Total 2016 £</b>
The Marches School	173,418	277,089
Sir John Talbot's School	67,059	151,275
Marches Academy Trust	115,954	16,720
<b>Total before fixed asset fund and pension reserve</b>	<b>356,431</b>	<b>445,084</b>
Restricted fixed asset fund	17,433,668	17,079,599
Pension reserve	(3,841,000)	(4,529,000)
<b>Total</b>	<b>13,949,099</b>	<b>12,995,683</b>

**ANALYSIS OF ACADEMIES BY COST**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciat- ion £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
The Marches Academy	5,051,286	739,234	252,614	1,271,958	7,315,092	7,070,849
Sir John Talbot's School	1,985,704	349,590	123,314	616,513	3,075,121	2,906,571
Central Services	46,740	300,273	-	246,000	593,013	33,276
	<b>7,083,730</b>	<b>1,389,097</b>	<b>375,928</b>	<b>2,134,471</b>	<b>10,983,226</b>	<b>10,010,696</b>

**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Restricted fixed asset funds 2017 £</b>	<b>Total funds 2017 £</b>
Tangible fixed assets	-	-	17,136,090	17,136,090
Current assets	663,734	952,751	531,427	2,147,912
Creditors due within one year	(446,003)	(790,051)	(257,849)	(1,493,903)
Provisions for liabilities and charges	-	(3,841,000)	-	(3,841,000)
	<b>193,731</b>	<b>(3,678,300)</b>	<b>17,433,668</b>	<b>13,949,099</b>

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**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2016 £	2016 £	2016 £	2016 £
Tangible fixed assets	-	-	17,074,607	17,074,607
Current assets	283,980	1,165,399	4,992	1,454,371
Creditors due within one year	-	(1,004,298)	-	(1,004,298)
Provisions for liabilities and charges	-	(4,529,000)	-	(4,529,000)
	<u>283,980</u>	<u>(4,367,899)</u>	<u>17,079,599</u>	<u>12,995,680</u>

**21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	19,419	(626,338)
<b>Adjustment for:</b>		
Depreciation charges	505,271	491,524
Interest received	(4,872)	(6,813)
Increase in debtors	(457,818)	(4,277)
Increase/(decrease) in creditors	231,757	(372,262)
Capital grants from DfE and other capital income	(523,660)	(38,549)
Defined benefit pension scheme cost less contributions payable	146,000	(1,000)
Defined benefit pension scheme finance cost	100,000	105,000
<b>Net cash provided by/(used in) operating activities</b>	<u>16,097</u>	<u>(452,715)</u>

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash at bank and in hand	1,356,921	1,121,198
	<u>1,356,921</u>	<u>1,121,198</u>

**23. CAPITAL COMMITMENTS**

At 31 August 2017 the Academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	446,000	-

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**24. PENSION COMMITMENTS**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £134,545 were payable to the schemes at 31 August 2017 (2016: 123,916) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £818,482 (2016: £771,109).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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**24. PENSION COMMITMENTS (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £356,000 (2016: £216,000), of which employer's contributions totalled £283,000 (2016: £213,000) and employees' contributions totalled £73,000 (2016: £76,000). The agreed contribution rates for future years are 14.9% for employers and 5.5 - 7.5% 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:

	2017	2016
Discount rate for scheme liabilities	2.40 %	2.10 %
Rate of increase in salaries	2.70 %	3.30 %
Rate of increase for pensions in payment / inflation	2.20 %	1.90 %
Inflation assumption (CPI)	2.20 %	1.80 %

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

	2017	2016
Retiring today		
Males	23.0	23.9
Females	26.2	26.4
Retiring in 20 years		
Males	25.2	26.2
Females	28.5	29.2

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,244,000	1,295,000
Property	116,000	127,000
Cash and other liquid assets	114,000	41,000
Other bonds	570,000	479,000
Other	383,000	492,000
<b>Total market value of assets</b>	<b>2,427,000</b>	<b>2,434,000</b>

The actual return on scheme assets was £361,000 (2016: £287,000).

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**24. PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(429,000)	(297,000)
Interest income	46,000	73,000
Interest cost	(146,000)	(178,000)
Total	<u>(529,000)</u>	<u>(402,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	6,963,000	4,443,000
Current service cost	429,000	297,000
Interest cost	146,000	178,000
Employee contributions	73,000	76,000
Actuarial (gains)/losses	(1,255,000)	2,040,000
Benefits paid	(88,000)	(71,000)
Closing defined benefit obligation	<u>6,268,000</u>	<u>6,963,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	2,434,000	1,850,000
Interest income	46,000	73,000
Actuarial gains/(losses)	(321,000)	208,000
Employer contributions	283,000	298,000
Employee contributions	73,000	76,000
Benefits paid	(88,000)	(71,000)
Closing fair value of scheme assets	<u>2,427,000</u>	<u>2,434,000</u>

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**25. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	53,273	40,026
Between 1 and 5 years	86,812	91,330
<b>Total</b>	<b>140,085</b>	<b>131,356</b>

**26. MEMBERS' LIABILITY**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

**27. GENERAL INFORMATION**

Marches Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Morda Road, Oswestry, Shropshire, SY11 2AR.

**28. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy Trust'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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The following related party transactions took place in the year:

During the year the Academy engaged Pop Creative to carry out web design. Pop Creative is a connected party by virtue of the director of the company being the husband of a Trustee of the Academy. The value of purchases in the year was £557 (2016: £720), with a balance outstanding at the year end of £NIL (2016: £NIL).

**29. POST BALANCE SHEET EVENTS**

On 1 December 2017, Tilstock C.E. Primary School and Nursery joined Marches Academy Trust. All assets and liabilities were transferred on this date. The results of Tilstock C.E. Primary School and Nursery from this date forwards will be included within the financial statements of The Marches Academy Trust Oswestry.

**30. AGENCY ARRANGEMENTS**

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2017 the Trust brought forward funds of £13,849, received £22,225 and disbursed £23,605 from the fund. An amount of £12,469 is included in other creditors relating to undistributed funds that is to be carried forward for distribution in the following accounting period.