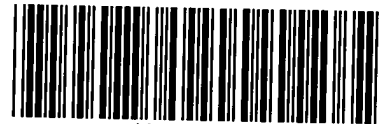


Registered number: 07680422

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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 **Bishop Fleming**
Chartered Accountants

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

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Trustees

Ms A E Burgess^{2,3}
Mrs K Campion²
Mr D J Griffiths^{1,3}
Mr M A Liquorish^{2,3}
Mrs S Longville, Executive Headteacher^{1,2,3}
Mr R S Pearson^{1,3}
Mr A E Walpole, Chair^{1,2,3}

¹ Finance and Premises Committee

² Standards Committee

³ Member

**Company registered
number** 07680422

**Principal and registered
office** The Marches School
Morda Road
Oswestry
Shropshire
SY11 2AR

Company secretary Mrs J Jones

**Senior management
team**

Mrs S Longville, Executive Headteacher
Mr D O'Toole, Headteacher
Mrs A Pearson, Senior Deputy Headteacher
Mrs R Lloyd, Associate Deputy Headteacher
Mr T Stonall, Associate Deputy Headteacher
Mrs C Buckle, Assistant Headteacher
Ms O Glackin, Assistant Headteacher
Mrs C Dawson, Assistant Headteacher
Mr T Whitworth, Assistant Headteacher
Mrs J Jones, Business Manager

Independent auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Bankers Barclays Bank PLC
44 - 46 Castle Street
Shrewsbury
Shropshire
SY1 2BU

Solicitors 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 2015**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 secondary academies in North Shropshire. Its academies have a combined pupil capacity of 2,250 and had a roll of 1,767 in the school census on 1 October 2014.

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.

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 page 1.

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 cease 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 10 Trustees who are appointed by the members.
- The total number of Trustees who are employees must not exceed one third of the total number of Trustees.

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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

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 two 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 two committees as follows:

- Finance 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 Plan and budget.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy Trust to the Executive Headteacher. At an individual Academy Level the Executive Headteacher, Headteacher and Leadership Group (LG) are responsible for the day to day management of the schools. The LG comprises the Executive Headteacher, Associate Headteacher, Senior Deputy Headteacher, Associate Deputy Headteacher, Assistant Headteachers and the Business Manager. 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 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 Executive Headteacher is the Accounting Officer.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of The 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 The Marches, 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 embed reading and literacy in all aspects of the curriculum, to ensure every child is a reader. In furtherance of this the Trust will launch a reading school programme in both schools in September 2015.
- 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.

STRATEGIC REPORT

Achievements and Performance

The Marches School

The total number of students in the year ended 31 August 2014 was 1325 but this has increased to 1358 in September 2015 due to increased intake in the Sixth Form.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

In August 2015 our first cohort of 30 Sixth Form students received their A2 results, the outcome was outstanding with 41% of all grades at A* - B. 63% of our Sixth Form students will continue their studies at university in September and 8 of these students will be attending Russell Group universities.

Our year 11 students also received their GCSE results in August 2015, with the number of students achieving 5 or more A* - C grades including English and Maths at 63.8%. 75.2% of students were celebrating achieving at least 5 GCSE A*-C grades and 99.2% of students achieved at least one qualification.

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 95.08%, an improvement on the 94.23% achieved in 2014.

The School takes great pride in its links with the local community and in June 2015 these links were celebrated in the School's first community fun day. The event was supported by a number of local businesses and community organisations and saw around 4,000 visitors to the School. We hope that this event will continue to blossom into a regular event in the local calendar and cement the excellent relations the School has with its local community.

Sir John Talbot's School

Sir John Talbot's School joined the Trust on 1st September 2014 as a sponsored academy.

The total number of students in the year ended 31st August 2014 was 442, numbers are expected to rise in September 2015 with a new year 7 intake of around 100 students. There has been a significant improvement in the intake reflecting the significant improvement in standards at the school and relations with the community since the Trust became involved with the School.

In August 2015 our Sixth Form students received their A2 results, the outcome was outstanding with 37% of all grades at A* - B.

Our year 11 students also received their GCSE results in August 2015, with the number of students achieving 5 or more A* - C grades including English and Maths at 49%. 62% of students were celebrating achieving at least 5 GCSE A*-C grades and 100% of students achieved at least 1 qualification.

The School was awarded £498,000 from the Academies Capital Maintenance Fund (ACMF) for the replacement of doors and windows and removal of associated asbestos across the School site. This work was completed in the year which has had a significant improvement on the aesthetics of the buildings together with improved energy efficiency and Health and Safety benefits.

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 reserves totalled £308,767 and restricted reserves (excluding pension deficit) were £275,923.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2015 this was 78%, this is consistent with the 2014 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 Going concern policy.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA 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 2014 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 2015, total expenditure of £9,882,815 was covered by recurrent grant funding from the DfE, together with other incoming resources of £1,363,789. The excess of income over expenditure for the year (excluding restricted fixed asset and pension funds) was £18,918.

At 31 August 2015 the net book value of fixed assets was £17,414,180 and movements in tangible fixed assets are shown in note 18 to the financial statements. The assets were used for providing education to our students and meeting the charitable objects of the Academy Trust.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on conversion at £16,170,106.

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 28 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 key 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 reserves (total funds less the amount held in fixed assets and restricted funds) is £295,188, of which £295,188 is free reserves.

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. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the academy Trust.

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 overnight deposit.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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 EFA. 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 Academy is 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 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 28 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.

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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

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.

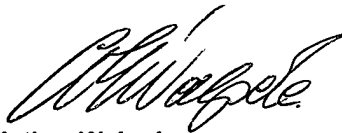
AUDITORS

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 23 November 2015 and signed on the board's behalf by:



**Arthur Walpole
Chair of Trustees**

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

GOVERNANCE STATEMENT

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 Executive Headteacher, 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 Trustees' responsibilities statement. 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
Ms A E Burgess	7	7
Mrs K Campion	6	7
Mr D J Griffiths	6	7
Mr M A Liquorish	7	7
Mrs S Longville (Executive Headteacher and Accounting Officer)	7	7
Mr R S Pearson	7	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)	7	7
Mrs S Longville (Executive Headteacher and Accounting Officer)	7	7
Mr M Liquorish	7	7
Mr R S Pearson	7	7
Mr A E Walpole	7	7

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

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Collaborating with other Schools – The Trust engages in many collaborative activities sharing ideas and innovations with other schools in order to continually improve standards and outcomes for our students. In the year, the trust has joined the PiXL Schools network and we have also worked closely with another local academy sharing some back office costs and expertise which enables a greater proportion of our financial resources to be directed towards providing educational benefit.
- Investment in staffing – The Trust places great emphasis on ensuring that our teaching staff are delivering the highest possible quality of education to our students. We deliver high quality CPD courses in house as well as investing in external courses to ensure staff are fully updated on recent developments. We have also invested significantly in increasing staffing numbers, especially in English and Maths which has provided capacity for targeted interventions and internally covering staff absence. This has led to greater level of progress for students in these subjects and greater consistency in quality of cover.
- Literacy Focus – During the year the Trust has placed a greater focus on developing the literacy levels of our pupils. We believe that by placing greater emphasis on these skills students develop greater confidence in their ability to access all areas of the curriculum. We have invested in the accelerated reader programme which has been a great success and has seen an average increase of 1 year in our students reading ages. In 2015/16 we will develop this programme further by becoming a reading school and dedicating time each day in the timetable for reading.
- Our endeavours on achieving value for money are continuous. The Trust is currently undertaking a review of operations using the 'Lean' philosophy to ensure that waste is minimised and focussing on activities that add value to our students.

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 2014 to 31 August 2015 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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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

GOVERNANCE STATEMENT (continued)

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 and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

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:

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

No material control issues arising as a result of the auditor's work have been identified.

REVIEW OF EFFECTIVENESS

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

- the work of the external 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 address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 23 November 2015 and signed on its behalf, by:



**Mr A E Walpole
Chair of Trustees**



**Mrs S Longville
Accounting Officer**

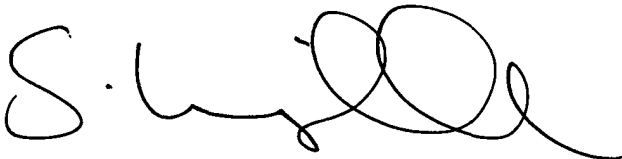
**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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 EFA.

A handwritten signature in black ink, appearing to read 'S. Longville', with a stylized flourish at the end.

**Mrs S Longville
Accounting Officer**

Date: 23 November 2015

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

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

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 Trustees' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 EFA/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: 23 November 2015

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARCHES ACADEMY TRUST

We have audited the financial statements of Marches Academy Trust for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARCHES ACADEMY TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Wood FCCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: *10th December 2015.*

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

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

In accordance with the terms of our engagement letter dated 19 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, 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 2014 to 31 August 2015 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Marches Academy Trust and EFA 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 EFA, 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 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. 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 FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Wood FCCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date: 10th December 2015.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer from Local Authority on conversion	2	-	(673,000)	4,504,155	3,831,155	-
Activities for generating funds	3	110,755	-	-	110,755	37,041
Investment income	4	5,547	-	-	5,547	4,880
Incoming resources from charitable activities	5	256,387	9,120,605	551,316	9,928,308	6,937,512
Other incoming resources	6	117,514	-	-	117,514	109,159
TOTAL INCOMING RESOURCES		490,203	8,447,605	5,055,471	13,993,279	7,088,592
RESOURCES EXPENDED						
Charitable activities		417,195	9,134,590	411,450	9,963,235	6,851,165
Governance costs	8	-	19,580	-	19,580	11,710
TOTAL RESOURCES EXPENDED	11	417,195	9,154,170	411,450	9,982,815	6,862,875
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		73,008	(706,565)	4,644,021	4,010,464	225,717
Transfers between Funds	22	-	(120,152)	120,152	-	-
NET INCOME FOR THE YEAR		73,008	(826,717)	4,764,173	4,010,464	225,717
Actuarial gains and losses on defined benefit pension schemes		-	(122,000)	-	(122,000)	(230,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		73,008	(948,717)	4,764,173	3,888,464	(4,283)
Total funds at 1 September		356,263	(1,368,360)	12,577,652	11,565,555	11,569,838
TOTAL FUNDS AT 31 AUGUST		429,271	(2,317,077)	17,341,825	15,454,019	11,565,555

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 21 to 41 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	18		17,457,336		12,679,517
CURRENT ASSETS					
Stocks	19	773		624	
Debtors	20	328,121		247,170	
Cash at bank and in hand		1,637,348		1,434,811	
		<u>1,966,242</u>		<u>1,682,605</u>	
CREDITORS: amounts falling due within one year	21	<u>(1,376,559)</u>		<u>(1,097,567)</u>	
NET CURRENT ASSETS			<u>589,683</u>		<u>585,038</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,047,019</u>		<u>13,264,555</u>
Defined benefit pension scheme liability	28		<u>(2,593,000)</u>		<u>(1,699,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>15,454,019</u></u>		<u><u>11,565,555</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	22	275,923		330,640	
Restricted fixed asset funds	22	17,341,825		12,577,652	
Restricted funds excluding pension liability		<u>17,617,748</u>		<u>12,908,292</u>	
Pension reserve		<u>(2,593,000)</u>		<u>(1,699,000)</u>	
Total restricted funds			<u>15,024,748</u>		<u>11,209,292</u>
Unrestricted funds	22		<u>429,271</u>		<u>356,263</u>
TOTAL FUNDS			<u><u>15,454,019</u></u>		<u><u>11,565,555</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 23 November 2015 and are signed on their behalf, by:



Mr A E Walpole
Chair of Trustees

The notes on pages 21 to 41 form part of these financial statements.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	24	227,022	591,163
Returns on investments and servicing of finance	25	613	-
Capital expenditure and financial investment	25	(25,098)	(482,492)
INCREASE IN CASH IN THE YEAR		202,537	108,671

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

	2015 £	2014 £
Increase in cash in the year	202,537	108,671
MOVEMENT IN NET FUNDS IN THE YEAR	202,537	108,671
Net funds at 1 September 2014	1,434,811	1,326,140
NET FUNDS AT 31 AUGUST 2015	1,637,348	1,434,811

The notes on pages 21 to 41 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 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 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 and include grants from the Department for Education.

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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 is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 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 one year from the date of approval of the financial statements. The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2015.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £500 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.7 OPERATING LEASES

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 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.

1.10 PENSIONS

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the academy.

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 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 quinquennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.11 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Sir John Talbot's Technology College to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Marches Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 27.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfer from Local Authority on conversion	-	3,831,155	3,831,155	-
Voluntary income	-	3,831,155	3,831,155	-

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings	110,755	-	110,755	37,041

4. Investment income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest	5,547	-	5,547	4,880

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants				
Capital Grants	-	551,316	551,316	284,927
General Annual Grant	-	8,392,639	8,392,639	5,796,518
Start up Grants	-	-	-	230,000
Other DfE/EFA grants	-	398,577	398,577	241,466
	<u>-</u>	<u>9,342,532</u>	<u>9,342,532</u>	<u>6,552,911</u>
Other government grants				
Other government grants non capital	74,546	329,389	403,935	101,175
	<u>74,546</u>	<u>329,389</u>	<u>403,935</u>	<u>101,175</u>
Other funding				
Internal catering income	24,318	-	24,318	30,054
Income from educational services provided	157,523	-	157,523	253,372
	<u>181,841</u>	<u>-</u>	<u>181,841</u>	<u>283,426</u>
	<u>256,387</u>	<u>9,671,921</u>	<u>9,928,308</u>	<u>6,937,512</u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Other incoming resources	<u>117,514</u>	<u>-</u>	<u>117,514</u>	<u>109,159</u>

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Education	<u>417,195</u>	<u>9,546,040</u>	<u>9,963,235</u>	<u>6,851,165</u>

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

8. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	14,975	14,975	9,800
Auditors' non audit costs	-	4,605	4,605	1,910
	-	19,580	19,580	11,710

9. DIRECT COSTS

	Total 2015 £	Total 2014 £
Pension finance costs	82,000	57,000
Educational supplies	249,143	219,034
Examination fees	154,704	107,500
Staff development	40,487	25,191
Other costs	1,750	700
Supply teachers	54,106	68,765
Wages and salaries	5,314,404	3,655,446
National insurance	378,049	273,764
Pension cost	722,625	486,376
Depreciation	414,812	258,219
	7,412,080	5,151,995

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

10. SUPPORT COSTS

	Total 2015 £	Total 2014 £
Educational supplies	45,900	31,370
Other costs	110,111	44,256
Recruitment and support	55,259	42,157
Maintenance of premises and equipment	185,491	107,200
Cleaning	108,957	103,638
Rent and rates	70,350	41,883
Energy costs	205,855	136,880
Insurance	122,188	111,111
Security and transport	47,792	37,724
Catering	86,044	62,223
Technology costs	119,753	128,602
Office overheads	155,779	47,511
Legal and professional	155,847	65,267
Bank interest and charges	(32)	213
Wages and salaries	832,820	592,435
National insurance	44,009	34,483
Pension cost	205,032	112,217
	2,551,155	1,699,170

11. RESOURCES EXPENDED

	Staff costs 2015 £	Non Pay Premises 2015 £	Expenditure Other 2015 £	Total 2015 £	Total 2014 £
Direct costs	6,415,078	414,812	582,190	7,412,080	5,151,995
Support costs	1,081,861	570,653	898,641	2,551,155	1,699,170
CHARITABLE ACTIVITIES	7,496,939	985,465	1,480,831	9,963,235	6,851,165
GOVERNANCE	-	-	19,580	19,580	11,710
	7,496,939	985,465	1,500,411	9,982,815	6,862,875

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Education	7,412,080	2,551,155	9,963,235	6,851,165

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

13. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	414,813	258,219
Auditors' remuneration	14,975	9,800
Auditors' remuneration - non-audit	4,605	-
	<u>434,393</u>	<u>268,019</u>

14. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	6,147,224	4,247,881
Social security costs	422,058	308,247
Other pension costs (Note 28)	927,657	598,593
	<u>7,496,939</u>	<u>5,154,721</u>

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	114	82
Administration and support	78	58
Management	11	9
	<u>203</u>	<u>149</u>

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £60,001 - £70,000	2	0
In the band £70,001 - £80,000	1	1
In the band £100,001 - £110,000	1	1
	<u>4</u>	<u>2</u>

Employer's pensions contributions made on behalf of the above four employees amounted to £42,648 (2014: £25,259).

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

15. 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:

	2015 £
The Marches School	289,421
Sir John Talbot's School	112,482
	<hr/>
Total	401,903 <hr/>

16. 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; Ms H Griffiths (Daughter of Mr D Griffiths): Remuneration £35,000 - £40,000 (2014: £35,000 - £40,000), Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000); Mrs S Longville (Executive Headteacher): Remuneration £110,000 - £115,000 (2014: £105,000 - £110,000), Employer's pension contributions £15,000 - £20,000 (2014: £10,000 - £15,000).

During the year, no Trustees received any benefits in kind (2014: £NIL).

During the year, no Trustees received any reimbursement of expenses (2014: £NIL).

17. 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 £5,000,000 cover on any one claim. For the year ended 31 August 2015 the cover was provided through the Education Funding Agency's Risk Protection Arrangement. Accordingly, the cost of the trustee indemnity element is not separately identifiable.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

18. TANGIBLE FIXED ASSETS

	Assets under the course of construction £	Land and buildings £	Office equipment £	Computer equipment £	Total £
COST					
At 1 September 2014	58,519	13,305,134	23,022	84,426	13,471,101
Additions	22,344	521,447	-	144,686	688,477
Transfer on conversion	-	4,504,155	-	-	4,504,155
Transfer between classes	(75,537)	75,537	-	-	-
At 31 August 2015	5,326	18,406,273	23,022	229,112	18,663,733
DEPRECIATION					
At 1 September 2014	-	739,267	10,118	42,199	791,584
Charge for the year	-	360,146	4,244	50,423	414,813
At 31 August 2015	-	1,099,413	14,362	92,622	1,206,397
NET BOOK VALUE					
At 31 August 2015	5,326	17,306,860	8,660	136,490	17,457,336
At 31 August 2014	58,519	12,565,867	12,904	42,227	12,679,517

19. STOCKS

	2015 £	2014 £
Goods for resale	773	624

20. DEBTORS

	2015 £	2014 £
Trade debtors	36,305	14,904
Other debtors	4,092	4,691
Prepayments and accrued income	191,238	163,634
Tax recoverable	96,486	63,941
	328,121	247,170

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

21. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade creditors	700,769	702,984
Other taxation and social security	127,846	93,866
Other creditors	214,781	133,567
Accruals and deferred income	333,163	167,150
	<u>1,376,559</u>	<u>1,097,567</u>

DEFERRED INCOME

Deferred income at 1 September 2014	20,388
Resources deferred during the year	28,720
Amounts released from previous years	<u>(20,388)</u>
Deferred income at 31 August 2015	<u>28,720</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	254,399	490,203	(413,833)	(22,002)	-	308,767
Unrestricted fixed assets	101,864	-	(3,362)	22,002	-	120,504
	<u>356,263</u>	<u>490,203</u>	<u>(417,195)</u>	<u>-</u>	<u>-</u>	<u>429,271</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	251,662	8,392,640	(8,340,509)	(28,847)	-	274,946
Higher Needs funding	-	177,262	(177,262)	-	-	-
Pupil Premium (PP)	-	405,703	(405,703)	-	-	-
Start Up Grant (SUG)	77,170	-	(31,449)	(45,721)	-	-
Young Apprentices School Improvement Grant	1,808	-	(831)	-	-	977
Sponsor Capacity	-	70,000	(70,000)	-	-	-
Pension reserve	-	75,000	(29,416)	(45,584)	-	-
	<u>(1,699,000)</u>	<u>(673,000)</u>	<u>(99,000)</u>	<u>-</u>	<u>(122,000)</u>	<u>(2,593,000)</u>
	<u>(1,368,360)</u>	<u>8,447,605</u>	<u>(9,154,170)</u>	<u>(120,152)</u>	<u>(122,000)</u>	<u>(2,317,077)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	11,052,448	4,504,155	(292,079)	-	-	15,264,524
Fixed assets purchased from GAG and other restricted funds	107,523	-	(51,266)	120,152	-	176,409
Academies Capital Maintenance Fund (ACMF)	1,219,988	498,054	(48,719)	-	-	1,669,323
Devolved Formula Capital (DFC)	83,651	53,262	(17,086)	-	-	119,827
Building refurbishment grant	114,042	-	(2,300)	-	-	111,742
	<u>12,577,652</u>	<u>5,055,471</u>	<u>(411,450)</u>	<u>120,152</u>	<u>-</u>	<u>17,341,825</u>
Total restricted funds	11,209,292	13,503,076	(9,565,620)	-	(122,000)	15,024,748
Total of funds	<u>11,565,555</u>	<u>13,993,279</u>	<u>(9,982,815)</u>	<u>-</u>	<u>(122,000)</u>	<u>15,454,019</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

22. STATEMENT OF FUNDS (continued)

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

RESTRICTED FUNDS:

General Annual Grant (GAG) - income in restricted funds relates the General Grant which is provided to the School by the Education 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 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 funding (SUG) - in restricted grants relates to funding provided by the Education Funding Agency to support the School in the process of converting to an Academy.

Young apprentices in Science funding - in restricted grants relates to funding provided by Shropshire Council for pupils to undertake additional study in science.

School Improvement Grant - in restricted grants relates to funding provided by the EFA for leadership support, systems improvement and conversion support for Holy Trinity CofE Primary School to convert to an Academy.

Sponsor Capacity Grant - in restricted grants relates to funding provided by the EFA to expand the academy trust and its organisational structures.

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

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 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.

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 2015.

MARCHES ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

22. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2015 were allocated as follows:

	Total £
The Marches School	440,152
Sir John Talbot's School	243,649
Marches Academy Trust	21,393
	<hr/>
Total before fixed asset fund and pension reserve	705,194
Restricted fixed asset fund	17,341,825
Pension reserve	(2,593,000)
	<hr/>
Total	<u>15,454,019</u>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
The Marches Academy	4,784,031	467,419	111,042	1,380,955	6,743,447
Sir John Talbot's School	1,815,557	238,357	102,298	519,273	2,675,485
Central Services	-	-	-	53,433	53,433
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	6,599,588	705,776	213,340	1,953,661	9,472,365
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

MARCHES ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

22. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	356,263	490,203	(417,195)	-	-	429,271
Restricted funds	(1,368,360)	8,447,605	(9,154,170)	(120,152)	(122,000)	(2,317,077)
Restricted fixed asset funds	12,577,652	5,055,471	(411,450)	120,152	-	17,341,825
	<u>11,565,555</u>	<u>13,993,279</u>	<u>(9,982,815)</u>	<u>-</u>	<u>(122,000)</u>	<u>15,454,019</u>

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	120,504	-	17,336,832	17,457,336	12,679,517
Current assets	303,774	1,657,475	4,993	1,966,242	1,682,605
Creditors due within one year	-	(1,376,559)	-	(1,376,559)	(1,097,567)
Pension scheme liability	-	(2,593,000)	-	(2,593,000)	(1,699,000)
	<u>429,271</u>	<u>(2,317,077)</u>	<u>17,341,825</u>	<u>15,454,019</u>	<u>11,565,555</u>

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	4,010,464	225,717
Returns on investments and servicing of finance	(613)	-
Net assets transferred on conversion	(4,504,155)	-
Depreciation of tangible fixed assets	414,813	258,219
Capital grants from DfE	(551,316)	-
Increase in stocks	(149)	-
Increase in debtors	(80,951)	(2,220)
Increase in creditors	166,929	42,447
Defined benefit pension scheme adjustments	772,000	67,000
NET CASH INFLOW FROM OPERATIONS	<u>227,022</u>	<u>591,163</u>

MARCHES ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	613	-
	<u>613</u>	<u>-</u>
	2015 £	2014 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(576,414)	(482,492)
Capital grants from DfE	551,316	-
	<u>(25,098)</u>	<u>(482,492)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(25,098)</u>	<u>(482,492)</u>

26. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	1,434,811	202,537	-	1,637,348
NET FUNDS	<u>1,434,811</u>	<u>202,537</u>	<u>-</u>	<u>1,637,348</u>

MARCHES ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

27. CONVERSION TO AN ACADEMY TRUST

On 1 September 2014 Sir John Talbot's Technology College converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Marches Academy Trust from Shropshire Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Leasehold land and buildings	-	-	4,504,155	4,504,155
LGPS pension surplus/(deficit)	-	(673,000)	-	(673,000)
Net assets/(liabilities)	-	(673,000)	4,504,155	3,831,155

Land and buildings have been transferred from Shropshire County Council under a 125 year lease agreement.

28. 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 defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £110,684 were payable to the scheme at 31 August 2015 (2014: £76,486) 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.

**MARCHES ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

28. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £614,946 (2014: £422,047).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2015 was £216,000, of which employer's contributions totalled £163,000 and employees' contributions totalled £53,000. The agreed contribution rates for future years are 13.8% 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.

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NOTES TO THE FINANCIAL STATEMENTS
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28. PENSION COMMITMENTS (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	6.50	974,000	7.00	615,000
Bonds	2.50	194,000	2.90	-
Property	3.60	83,000	6.20	43,000
Cash	0.50	48,000	0.50	14,000
Other bonds	3.60	261,000	3.80	271,000
Other	6.50	290,000	7.00	162,000
Total market value of assets		<u>1,850,000</u>		<u>1,105,000</u>
Present value of scheme liabilities		<u>(4,443,000)</u>		<u>(2,804,000)</u>
Deficit in the scheme		<u><u>(2,593,000)</u></u>		<u><u>(1,699,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(4,443,000)	(2,804,000)
Fair value of scheme assets	<u>1,850,000</u>	<u>1,105,000</u>
Net liability	<u><u>(2,593,000)</u></u>	<u><u>(1,699,000)</u></u>

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

	2015 £	2014 £
Current service cost	(290,000)	(173,000)
Interest on obligation	(161,000)	(117,000)
Expected return on scheme assets	79,000	60,000
Past service cost	(1,114)	-
Total	<u><u>(373,114)</u></u>	<u><u>(230,000)</u></u>
Actual return on scheme assets	<u><u>59,000</u></u>	<u><u>142,000</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

28. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Opening defined benefit obligation	2,804,000	2,509,000
Current service cost	290,000	173,000
Interest cost	161,000	117,000
Contributions by scheme participants	79,000	53,000
Actuarial Losses/(gains)	102,000	(23,000)
Liabilities transferred on conversion	1,044,000	-
Benefits paid	(37,000)	(25,000)
Closing defined benefit obligation	4,443,000	2,804,000

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

	2015 £	2014 £
Opening fair value of scheme assets	1,105,000	1,107,000
Expected return on assets	79,000	60,000
Actuarial gains and (losses)	(20,000)	(253,000)
Contributions by employer	273,000	163,000
Contributions by employees	79,000	53,000
Benefits paid	(37,000)	(25,000)
Asset transferred on conversion	371,000	-
	1,850,000	1,105,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(420,000) (2014: £(298,000)).

The academy expects to contribute £304,000 to its local government pension scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	52.60 %	55.60 %
Government bonds	10.60 %	- %
Property	4.50 %	3.90 %
Cash	2.60 %	1.30 %
Other bonds	14.10 %	24.50 %
Other	15.70 %	14.70 %

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

	2015	2014
Discount rate for scheme liabilities	4.00 %	4.00 %
Expected return on scheme assets at 31 August	4.68 %	5.28 %
Rate of increase in salaries	3.80 %	3.70 %
Rate of increase for pensions in payment / inflation	2.30 %	2.20 %
Inflation assumption (CPI)	2.30 %	2.20 %

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

28. PENSION COMMITMENTS (continued)

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

	2015	2014
Retiring today		
Males	23.9	23.8
Females	26.3	26.1
Retiring in 20 years		
Males	26.1	26
Females	29.1	29

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £
Defined benefit obligation	(4,443,000)	(2,804,000)	(2,509,000)
Scheme assets	1,850,000	1,105,000	1,107,000
Deficit	(2,593,000)	(1,699,000)	(1,402,000)
Experience adjustments on scheme liabilities	(102,000)	23,000	-
Experience adjustments on scheme assets	(20,000)	(253,000)	96,000

29. OPERATING LEASE COMMITMENTS

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
EXPIRY DATE:		
Within 1 year	19,140	7,300
Between 2 and 5 years	50,979	58,887

30. 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 £1,861 (2014: £394), with a balance outstanding at the year end of £48 (2014: £NIL).