

Company Registration Number: 07680422 (United Kingdom)

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



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

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**MARCHES ACADEMY TRUST  
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**REFERENCE AND ADMINISTRATIVE DETAILS**

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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 (deceased 5 December 2018) The Church of England Central Educational Trust Mr R Forrester
<b>Trustees</b>	Mr S Cowper (appointed 27 November 2018) <sup>1,2</sup> Mr A Fry <sup>1,2,3</sup> Mr D Griffiths <sup>1,2,3</sup> Rev. Canon Dr J Hunt <sup>2</sup> Mr M Liquorish <sup>2,3</sup> Mrs S Longville, CEO <sup>1,2,3</sup> Mr A Walpole, Chair <sup>2,3</sup> Mrs C Bennett (appointed 1 September 2019)
	<sup>1</sup> Audit and Risk Committee <sup>2</sup> Educational Standards Committee <sup>3</sup> Finance and Operations Committee
<b>Company registered number</b>	07680422
<b>Company name</b>	Marches Academy Trust
<b>Registered office</b>	The Marches School Morda Road Oswestry Shropshire SY11 2AR
<b>Trust schools</b>	The Marches School Sir John Talbot's School Tilstock C of E Primary School The Grove School Lower Heath C of E Primary School Grange Primary School (joined 1 September 2019) Shrewsbury Academy (joined 1 September 2019) Longlands Primary School (joined 1 September 2019)
<b>Company secretary</b>	Ms J Jones
<b>Accounting officer</b>	Mrs S Longville
<b>Senior Leadership team</b>	Mrs S Longville, CEO Mr D O'Toole, Deputy CEO Mr G Bridges, Finance Director
<b>Independent auditors</b>	Bishop Fleming LLP Chartered Accountants Statutory Auditors 1-3 College Yard Worcester WR1 2LB

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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

**MARCHES ACADEMY TRUST  
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**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

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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 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 3 to 18 in Shropshire. Marches School is an 11-18 school in Oswestry with a pupil capacity of 1,500 and had a roll of 1,458 in the school census on 1 January 2019. Sir John Talbot's School is an 11 18 school in Whitchurch with a capacity of 771, and had a roll of 576 as at January 2019. Tilstock Primary School is a 3 11 school in Tilstock with a capacity of 60 and had a roll of 57 as at January 2019. The Grove School is an 11 18 school in Market Drayton with a capacity of 1206 and had a roll of 797 as at January 2019. Lower Heath School is a 2 11 school in Whitchurch with a capacity of 105 and had a roll of 111 as at January 2019.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

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.

**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	-

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	1
1%-50%	-
51%-99%	-
100%	-

**Percentage of pay bill spent on facility time** £

Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**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 £10,000,000.

**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 8 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 CEO. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re appointed or re elected.

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 Trust'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 Trust 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 schools 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 meet six times per year. The Board establishes an overall framework for the governance of the Trust 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 3 committees as follows;

- Finance and Operations Committee - this usually meets twice a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, drafting the annual budget including setting staffing levels. It also monitors on going premises and site matters.
- Audit and Risk Committee - this committee is responsible for ensuring compliance with reporting and regulatory requirements, receiving reports from the Responsible Officer, risk management and Health & Safety.

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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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- Educational Standards Committee - this meets twice a term to monitor, evaluate and review 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 Trust to the CEO and Trust Leadership Group (LG). The LG comprises the CEO, School Headteachers, Finance Director and Trust Business Manager. The LG implement the policies laid down by the Trustees and report back to them on performance.

The CEO is the Accounting Officer.

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

Trustees set pay levels for key management personnel, pay levels are benchmarked against pay levels in other Academies of a similar size. Financial and operational performance of the Trust is always considered in pay decisions.

**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 sponsors or formal Parent Teacher Associations associated with the Academy Trust.

**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 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 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 Trust Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding. The Trust has grown significantly during the year and development plans have been put in place to facilitate this growth. The activities included the following:

- Developing a vision for excellence and strategic growth of the trust.
- Strategic planning of improvement activities across the enlarged Trust, ensuring every child get the best educational experience in all of our Schools.
- Focus on staff recruitment and retention ensuring succession plans are in place for key roles.
- Long term financial planning and due diligence to ensure schools in the trust are financially viable in difficult funding environment.

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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**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 Trust'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 schools, offering a broad and balanced curriculum.

The Academy Trust 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**

During the year, the Trust has grown with Grove School and Lower Heath Primary School joining in December 2018 and April 2019 respectively. These schools joining were significant as they were the Trust's first two converter academies having chosen to join the Trust rather than having been sponsored to do so. This is reflective of the growing reputation of the Trust and the collaborative working models in place.

During the year, outcomes and progress measure for the Secondary Schools showed improvement. Sir John Talbot's School achieved the strongest level of progress at GCSE in Shropshire and the Sixth form at The Marches School was the strongest performing sixth form in the county.

The Trust's teaching school, The Alliance of Leading Learning continued to go from strength to strength delivering the NPQ suite of qualifications to in excess of 500 School leaders and the reputation of the Alliance continues to have positive impact upon the Trust.

**Key Performance Indicators**

The Trust has a number of Key Performance Indicators used to measure performance. At a School level, these are reported to Local Governing Bodies.

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 £567,775 and restricted reserves (excluding pension deficit) were £24,911,864.

Another key financial performance indicator is staffing costs as a percentage of income. For 2019 this was 78% and 79% in the previous year.

**Going Concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

**FINANCIAL REVIEW**

**Financial Review**

Most of the Academy Trust'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 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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The Academy Trust 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 2019, total expenditure of £15,837,496 was covered by recurrent grant funding from the DfE, together with other incoming resources of £16,626,990.

At 31 August 2019 the net book value of fixed assets was £24,273,159 and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The Trust 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 have determined that the appropriate level of free 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 Trust's current level of free reserves (unrestricted reserves plus unspent GAG) is £1,206,069. Trust reserves have increased significantly during the year due to the reserves transferred in from new schools joining the Trust and the continued success of The Alliance of Leading Learning. In the forthcoming year trustees will review the reserves policy to take this into account and devise programme for the use of these funds.

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**

The trustees have a low appetite for risk and therefore ensure all funds under their control are invested in a low risk manner and are kept liquid. All funds surplus to immediate requirement are invested to optimal effect, this is achieved by an automatic transfer of surplus funds to overnight deposit.

**Principal Risks And Uncertainties**

The Audit Committee is responsible for reviewing the major risks to which the 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 Trust are as follows:

**Financial** - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 98% 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.

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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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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.

Pension deficit - Trustees are aware of the significant deficit in the LGPS scheme and the impact this has on contribution rates and deficit reduction payments into the future. The trust considers the cost of contributions in the long-term financial planning but there remains a risk of significant increases in costs in this area which are outside the control of the Trustees.

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 continues to grow and go from strength to strength. In September 2019, 2 primary schools and a secondary school were re-brokered to Marches Academy Trust by the Department for Education. In the coming year the Trust will continue to focus on integrating these schools into the Trust and embedding our systems and processes across all Schools.

**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.

**Disclosure of information to auditors**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**MARCHES ACADEMY TRUST  
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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Auditors**

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 9/12/19 and signed on its behalf by:



**Mr A 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 6 times during the year.

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

Trustee	Meetings attended	Out of a possible
Mr S Cowper	5	5
Mr A Fry	5	6
Mr D Griffiths	6	6
Rev. Canon Dr J Hunt	5	6
Mr M Liquorish	6	6
Mrs S Longville, CEO	6	6
Mr A Walpole, Chair	6	6
Mrs C Bennett	0	0

The Audit and Risk Committee is a sub-committee of the main board of Trustees. Its purpose is to ensure compliance with reporting and regulatory requirements, receiving reports from the Responsible Officer, risk management and Health & Safety.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr S Cowper	2	2
Mr A Fry	4	5
Mr D Griffiths	5	5
Mrs S Longville, CEO	4	5
Mr A Walpole	1	1

The Education Standards Committee is also a sub-committee of the main board of Trustees. Its purpose is to monitor, evaluate and review policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues. The committee also monitors staffing, performance management and pay policies.

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

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**GOVERNANCE (CONTINUED)**

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr S Cowper	5	5
Mr A Fry	4	6
Mr D Griffiths	6	6
Rev. Canon Dr J Hunt	4	6
Mr M Liquorish	6	6
Mr S Longville	6	6
Mr A Walpole	6	6

The Finance and Operations Committee is also 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, drafting the annual budget including setting staffing levels. It also monitors on going premises and site matters.

Attendance during the year at the meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Fry	4	5
Mr D J Griffiths	5	5
Mr M A Liquorish	5	5
Mrs S Longville, CEO and Accounting Officer	5	5
Mr A E Walpole, Chair	5	5

**REVIEW OF VALUE FOR MONEY**

As accounting officer, the CEO 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 Academy 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 appropriate. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

Diversification of income streams – The Trust's teaching school alliance continues to go from strength to strength and provides an additional source of revenue for the Trust. The surplus generated by the alliance has increased during the year because of the expansion of its offer.

Review of staffing structures – The Trust ensures efficiency in its schools and regularly reviews staffing structures to ensure affordability and fitness for purpose. In the year, a review was carried out at Grove School that resulted in a restructure of non-teaching staff.

Centralisation of services – The Trust grew significantly during the year. This growth has led to greater efficiencies in back office functions such as finance, HR and business management. In addition, the growth has resulted in a greater level of subject specialist support provided to Schools through the Trust's central service team.

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

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of Trustees has reviewed the key risks to which the Academy Trust 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 Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and Operations 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 to appoint Bishop Fleming as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/bank account reconciliations

On a quarterly basis, the internal auditor reports to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

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

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**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 internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

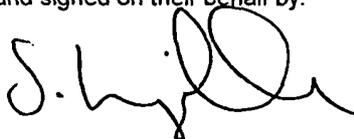
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



Mr A Walpole  
Chair of Trustees

9 December 2019



Mrs S Longville  
Accounting Officer

9 December 2019

**MARCHES ACADEMY TRUST  
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**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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all 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 2018.

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

Date: 9 December 2019

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education & 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 2018 to 2019;
- 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 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: 9 December 2019

**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 (the 'academy trust') for the year ended 31 August 2019 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 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 Trust'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.

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

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

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**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 auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- 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.

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

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

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**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the Academy Trust 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

**AUDITORS' 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 auditors' 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). This description forms part of our auditors' report.

**USE OF OUR REPORT**

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust'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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



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: *16<sup>th</sup> December 2019*

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

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

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In accordance with the terms of our engagement letter dated 8 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 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 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MARCHES  
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has 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  
1-3 College Yard  
Worcester  
WR1 2LB**

Date: *16<sup>th</sup> December 2019*

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	As restated Total funds 2018 £
<b>INCOME FROM:</b>						
Donations and capital grants:	4					
Surplus on joining		500,215	(1,840,000)	7,519,857	6,180,072	-
Other donations and capital grants		10,336	-	306,807	317,143	108,746
Charitable activities	5	146,722	14,548,293	-	14,695,015	10,179,442
Teaching schools	35	1,007,228	-	-	1,007,228	897,323
Other trading activities	6	96,771	-	-	96,771	110,427
Investments	7	10,470	-	-	10,470	3,038
Other income	8	306,955	-	-	306,955	190,314
		<u>2,078,697</u>	<u>12,708,293</u>	<u>7,826,664</u>	<u>22,613,654</u>	<u>11,489,290</u>
<b>EXPENDITURE ON:</b>						
Charitable activities	10	1,777,312	13,881,360	648,242	16,306,914	11,360,841
Teaching schools	35	-	781,824	-	781,824	774,825
		<u>1,777,312</u>	<u>14,663,184</u>	<u>648,242</u>	<u>17,088,738</u>	<u>12,135,666</u>
<b>NET INCOME/ (EXPENDITURE)</b>						
		<u>301,385</u>	<u>(1,954,891)</u>	<u>7,178,422</u>	<u>5,524,916</u>	<u>(646,376)</u>
Transfers between funds	21	-	(15,000)	15,000	-	-
<b>NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)</b>						
		<u>301,385</u>	<u>(1,969,891)</u>	<u>7,193,422</u>	<u>5,524,916</u>	<u>(646,376)</u>
<b>OTHER RECOGNISED GAINS/(LOSSES):</b>						
Actuarial losses on defined benefit pension schemes	28	-	(2,313,000)	-	(2,313,000)	731,000
		<u>301,385</u>	<u>(4,282,891)</u>	<u>7,193,422</u>	<u>3,211,916</u>	<u>84,624</u>
<b>NET MOVEMENT IN FUNDS RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		266,390	(3,312,815)	17,080,148	14,033,723	13,949,099
Net movement in funds		301,385	(4,282,891)	7,193,422	3,211,916	84,624
<b>TOTAL FUNDS CARRIED FORWARD</b>	21	<u>567,775</u>	<u>(7,595,706)</u>	<u>24,273,570</u>	<u>17,245,639</u>	<u>14,033,723</u>

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

The notes on pages 24 to 54 form part of these financial statements.

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

**BALANCE SHEET  
AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	16	24,273,159	16,967,826
		<u>24,273,159</u>	<u>16,967,826</u>
<b>CURRENT ASSETS</b>			
Stocks	17	773	773
Debtors	18	941,401	631,631
Cash at bank and in hand		1,907,623	1,264,606
		<u>2,849,797</u>	<u>1,897,010</u>
Creditors: amounts falling due within one year	19	(1,643,317)	(1,353,113)
<b>NET CURRENT ASSETS</b>		<u>25,479,639</u>	<u>17,511,723</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>25,479,639</u>	<u>17,511,723</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>25,479,639</u>	<u>17,511,723</u>
Defined benefit pension scheme liability	28	(8,234,000)	(3,478,000)
<b>TOTAL NET ASSETS</b>		<u><u>17,245,639</u></u>	<u><u>14,033,723</u></u>
<b>FUNDS OF THE ACADEMY TRUST</b>			
<b>Restricted funds:</b>			
Fixed asset funds	21	24,273,570	17,080,148
Restricted income funds	21	638,294	165,185
		<u>24,911,864</u>	<u>17,245,333</u>
Restricted funds excluding pension liability	21	24,911,864	17,245,333
Pension reserve	21	(8,234,000)	(3,478,000)
<b>Total restricted funds</b>	21	<u>16,677,864</u>	<u>13,767,333</u>
Unrestricted income funds	21	567,775	266,390
<b>TOTAL FUNDS</b>		<u><u>17,245,639</u></u>	<u><u>14,033,723</u></u>

The financial statements on pages 21 to 54 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:



Mr A E Walpole  
Chair of Trustees

9 December 2019

The notes on pages 24 to 54 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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	Note	2019 £	2018 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash provided by operating activities	23	779,315	100,974
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	24	(136,298)	(193,289)
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		<b>643,017</b>	<b>(92,315)</b>
Cash and cash equivalents at the beginning of the year		1,264,606	1,356,921
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	25	<u><u>1,907,623</u></u>	<u><u>1,264,606</u></u>

The notes on pages 24 to 54 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 2019**

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**1. 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.

**2. ACCOUNTING POLICIES**

A summary of the principal accounting policies adopted, judgments and key sources of estimation uncertainty, is set out below.

**2.1 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 historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Marches Academy Trust meets the definition of a public benefit entity under FRS 102.

**2.2 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**2. ACCOUNTING POLICIES (continued)**

**2.3 INCOME**

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

• **Grants**

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

General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

• **Donations**

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

• **Other income**

Other income, including income from the teaching school and the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

• **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

**2.4 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**2. ACCOUNTING POLICIES (continued)**

**2.4 EXPENDITURE (CONTINUED)**

• **Charitable activities**

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**2.5 INTEREST RECEIVABLE**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**2.6 TAXATION**

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

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

**2.7 TANGIBLE FIXED ASSETS**

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the 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.

On conversion the academy/academy trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

Where the Academy Trust has been granted use of school buildings from the Diocese under Supplemental Agreements, the Academies Accounts Direction prescribes that under this agreement the risks and rewards of ownership remain with the Diocese. A donation from the Diocese has been recognised equal to the deemed rental expense, based on the rateable value of the buildings.

The Supplemental Agreement includes the right for the Diocese Trustees to give not less than 2 years written notice to the Academy Trust and Secretary of State for Education to terminate the agreement. No such written notice has been received as at the date of the approval of the financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**2. ACCOUNTING POLICIES (continued)**

**2.7 TANGIBLE FIXED ASSETS (CONTINUED)**

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

Freehold property	- Buildings: over 50 years Property improvements: over 10 years
Long-term leasehold property	- Land: over 125 years Buildings: over 50 years Property improvements: over 10 years
Furniture and equipment	- 20% straight line
Computer equipment	- 33% straight line

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

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

**2.8 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**2.9 DEBTORS**

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

**2.10 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.

**2.11 LIABILITIES**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**2. ACCOUNTING POLICIES (continued)**

**2.12 FINANCIAL INSTRUMENTS**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**2.13 OPERATING LEASES**

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

**2.14 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**2. ACCOUNTING POLICIES (continued)**

**2.15 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 33.

**2.16 FUND ACCOUNTING**

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

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

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

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

**3. 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 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of 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.

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

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Surplus/(deficit) on joining	500,215	5,679,857	-	6,180,072	(50,714)
	<u>500,215</u>	<u>5,679,857</u>	<u>-</u>	<u>6,180,072</u>	<u>(50,714)</u>
Donations	10,336	(7,519,857)	7,519,857	10,336	3,769
Capital Grants	-	-	306,807	306,807	155,691
	<u>10,336</u>	<u>(7,519,857)</u>	<u>7,826,664</u>	<u>317,143</u>	<u>159,460</u>
	<u>510,551</u>	<u>(1,840,000)</u>	<u>7,826,664</u>	<u>6,497,215</u>	<u>108,746</u>
<b>TOTAL 2018</b>	<u><u>56,984</u></u>	<u><u>(115,000)</u></u>	<u><u>166,762</u></u>	<u><u>108,746</u></u>	

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**5. FUNDING FOR THE ACADEMY TRUST'S EDUCATION**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	As restated Total funds 2018 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	13,291,927	13,291,927	9,325,133
Start up grants	-	25,000	25,000	50,000
Other DfE/ESFA grants	-	569,841	569,841	448,245
	-	13,886,768	13,886,768	9,823,378
<b>Other government grants</b>				
High Needs	-	310,199	310,199	152,999
Other government grants: non capital	-	351,326	351,326	169,881
	-	661,525	661,525	322,880
<b>Other funding</b>				
Internal catering income	78,509	-	78,509	13,403
Income for hosting trainee teachers	32,372	-	32,372	19,781
Sales to students	17,017	-	17,017	-
Nursery income	18,824	-	18,824	-
	146,722	-	146,722	33,184
<b>TOTAL 2019</b>	<b>146,722</b>	<b>14,548,293</b>	<b>14,695,015</b>	<b>10,179,442</b>
<b>TOTAL 2018 AS RESTATED</b>	<b>72,434</b>	<b>10,107,008</b>	<b>10,179,442</b>	

**6. INCOME FROM OTHER TRADING ACTIVITIES**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	96,771	96,771	110,427

In 2018, all income from other trading activities related to the unrestricted fund.

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FOR THE YEAR ENDED 31 AUGUST 2019**

**7. INVESTMENT INCOME**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	10,470	10,470	3,038

In 2018, all investment income related to the unrestricted fund.

**8. OTHER INCOMING RESOURCES**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Other income	306,955	306,955	190,314

In 2018, all other income related to the unrestricted fund.

**9. EXPENDITURE**

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
<b>EDUCATION:</b>					
Direct costs	9,836,056	369,141	631,532	10,836,729	8,532,598
Support costs	2,975,306	1,166,367	1,328,512	5,470,185	2,828,243
Teaching school	275,951	-	505,873	781,824	774,825
	<u>13,087,313</u>	<u>1,535,508</u>	<u>2,465,917</u>	<u>17,088,738</u>	<u>12,135,666</u>
<b>TOTAL 2018</b>	<u>8,788,869</u>	<u>1,152,979</u>	<u>2,193,818</u>	<u>12,135,666</u>	

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	10,836,729	5,470,185	16,306,914	11,360,841
TOTAL 2018	8,532,598	2,828,243	11,360,841	

Analysis of direct costs

	Total funds 2019 £	As restated Total funds 2018 £
Pension finance costs	22,200	32,000
Staff costs	9,399,662	7,391,024
Depreciation	409,882	520,282
Educational supplies	242,258	139,893
Examination fees	258,067	181,507
Staff development	37,224	32,925
Other costs	21,061	9,139
Supply teachers	436,394	225,828
Educational consultancy	9,981	-
	10,836,729	8,532,598

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)**

**Analysis of support costs**

	Total funds 2019 £	As restated Total funds 2018 £
Pension finance costs	125,800	67,000
Staff costs	2,975,306	1,172,017
Depreciation	238,360	-
Educational supplies	31,006	34,223
Other costs	169,457	157,169
Recruitment and support	79,770	64,499
Maintenance of premises and equipment	221,092	128,590
Cleaning	187,683	171,005
Rent and rates	77,554	88,107
Energy costs	336,771	210,977
Insurance	126,660	131,296
Security and transport	104,907	76,107
Catering	140,060	75,162
Technology costs	223,133	104,974
Office overheads	184,109	153,362
Legal and professional	225,309	177,907
Bank interest and charges	4,823	363
Governance	18,385	15,485
	<u>5,470,185</u>	<u>2,828,243</u>

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

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	74,737	53,883
Depreciation of tangible fixed assets	648,242	520,282
Fees paid to auditors for:		
- audit	18,385	16,750
- other services	2,960	2,960
	<u>744,324</u>	<u>1,114,875</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**12. STAFF COSTS**

**a. STAFF COSTS**

Staff costs during the year were as follows:

	2019 £	As restated 2018 £
Wages and salaries	9,680,843	6,638,716
Social security costs	931,317	650,246
Pension costs	2,038,759	1,274,079
	<u>12,650,919</u>	<u>8,563,041</u>
Agency staff costs	436,394	225,828
	<u>13,087,313</u>	<u>8,788,869</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	81,759	-
	<u>81,759</u>	<u>-</u>

**b. STAFF NUMBERS**

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

	2019 No.	2018 No.
Teachers	178	135
Administration and support	159	110
Management	19	12
	<u>356</u>	<u>257</u>

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**12. STAFF COSTS (CONTINUED)**

**b. STAFF NUMBERS (CONTINUED)**

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Teachers	175	132
Administration and support	94	83
Management	19	12
	<u>288</u>	<u>227</u>

**c. HIGHER PAID STAFF**

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	2	1
In the band £120,001 - £130,000	-	1
In the band £130,001 - £140,000	1	-
	<u>1</u>	<u>-</u>

**d. KEY MANAGEMENT PERSONNEL**

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 £353,066 (2018: £636,531). During the year, due to the expansion of the Trust, the Senior Management Team has been restructured and now includes the following people:

Mrs S Longville, CEO  
Mr D O'Toole, Deputy CEO  
Mr G Bridges, Finance Director

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

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

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

The Academy Trust charges for these services on the following basis:

5% of GAG Income

The actual amounts charged during the year were as follows:

	2019 £	2018 £
The Marches School	335,119	331,424
Sir John Talbot's School	145,510	127,285
Tilstock C of E Primary School	10,122	7,548
The Grove School	164,880	-
Lower Heath C of E Primary School	8,678	-
<b>TOTAL</b>	<b>664,309</b>	<b>466,257</b>

**14. TRUSTEES' REMUNERATION AND EXPENSES**

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

		2019 £	2018 £
Mrs S Longville, CEO	Remuneration	130,000 -	120,000 -
		135,000	125,000
	Pension contributions paid	5,000 -	20,000 -
		10,000	25,000

During the year ended 31 August 2019, expenses totalling £3,303 were reimbursed or paid directly to 3 Trustees (2018 - £1,445 to 1 Trustee). These expenses relate to travel.

**15. TRUSTEES' AND OFFICERS' INSURANCE**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. TANGIBLE FIXED ASSETS**

	Land and buildings £	Furniture and equipment £	Computer equipment £	Total £
<b>COST OR VALUATION</b>				
At 1 September 2018	19,314,531	23,023	353,746	19,691,300
Additions	412,319	11,482	29,774	453,575
Transfers on joining	7,500,000	-	-	7,500,000
At 31 August 2019	<u>27,226,850</u>	<u>34,505</u>	<u>383,520</u>	<u>27,644,875</u>
<b>DEPRECIATION</b>				
At 1 September 2018	2,406,593	22,984	293,897	2,723,474
Charge for the year	607,501	481	40,260	648,242
At 31 August 2019	<u>3,014,094</u>	<u>23,465</u>	<u>334,157</u>	<u>3,371,716</u>
<b>NET BOOK VALUE</b>				
At 31 August 2019	<u>24,212,756</u>	<u>11,040</u>	<u>49,363</u>	<u>24,273,159</u>
At 31 August 2018	<u>16,907,938</u>	<u>39</u>	<u>59,849</u>	<u>16,967,826</u>

**17. STOCKS**

	2019 £	2018 £
Uniforms	<u>773</u>	<u>773</u>

**18. DEBTORS**

	2019 £	2018 £
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	81,142	124,290
Other debtors	1,839	1,363
Prepayments and accrued income	750,873	410,030
VAT recoverable	107,547	95,948
	<u>941,401</u>	<u>631,631</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Trade creditors	520,085	709,345
Other taxation and social security	256,862	176,614
Other creditors	317,739	261,838
Accruals and deferred income	548,631	205,316
	<u>1,643,317</u>	<u>1,353,113</u>

	2019 £	2018 £
Deferred income at 1 September 2018	97,660	80,732
Resources deferred during the year	174,465	97,660
Amounts released from previous periods	(97,660)	(80,732)
	<u>174,465</u>	<u>97,660</u>

At the year end, £NIL (2018: £27,250) was deferred for rates reimbursement received in advance, £9,500 (2018: £28,590) for support package income received in advance, £64,826 (2018: £41,820) for teaching school income received in advance, and £100,139 (2018: £NIL) deferred in respect of overpayments on NPQ course fees due to scholarship eligibility criteria.

**20. FINANCIAL INSTRUMENTS**

	2019 £	2018 £
<b>FINANCIAL ASSETS</b>		
Financial assets measured at amortised cost	<u>2,183,984</u>	<u>1,551,416</u>
	2019 £	2018 £
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	<u>(1,211,990)</u>	<u>(1,078,839)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and ESFA loans.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. STATEMENT OF FUNDS**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>UNRESTRICTED FUNDS</b>						
General Funds - all funds	266,390	2,078,697	(1,777,312)	-	-	567,775
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant (GAG)	150,185	13,291,927	12,803,818)	-	-	638,294
High Needs funding	-	322,332	(322,332)	-	-	-
Pupil Premium (PP)	-	549,606	(549,606)	-	-	-
Start Up Grant (SUG)	-	25,000	(25,000)	-	-	-
Other ESFA Grants	-	359,428	(359,428)	-	-	-
Sponsorship	15,000	-	-	(15,000)	-	-
Pension reserve	(3,478,000)	(1,840,000)	(603,000)	-	(2,313,000)	(8,234,000)
	<u>(3,312,815)</u>	<u>12,708,293</u>	<u>14,663,184)</u>	<u>(15,000)</u>	<u>(2,313,000)</u>	<u>(7,595,706)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	14,391,634	7,519,857	(386,358)	-	-	21,525,133
Fixed assets purchased from GAG and other restricted funds	47,775	-	(13,097)	15,000	-	49,678
ESFA Capital Grants	2,240,153	89,498	(197,958)	-	-	2,131,693
Devolved Formula Capital (DFC)	160,701	217,309	(41,091)	-	-	336,919
Building refurbishment grant	104,841	-	(2,300)	-	-	102,541
Fixed Assets purchased from General Funds	135,044	-	(7,438)	-	-	127,606
	<u>17,080,148</u>	<u>7,826,664</u>	<u>(648,242)</u>	<u>15,000</u>	<u>-</u>	<u>24,273,570</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>13,767,333</u>	<u>20,534,957</u>	<u>15,311,426)</u>	<u>-</u>	<u>(2,313,000)</u>	<u>16,677,864</u>
<b>TOTAL FUNDS</b>	<u>14,033,723</u>	<u>22,613,654</u>	<u>17,088,738)</u>	<u>-</u>	<u>(2,313,000)</u>	<u>17,245,639</u>

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**21. 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 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.

**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.

ESFA Capital Grants - 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.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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**21. STATEMENT OF FUNDS (CONTINUED)**

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
The Marches School	101,058	176,024
Sir John Talbot's School	88,840	(23,305)
Tilstock C of E Primary School	21,639	44,682
The Grove School	451,357	-
Lower Heath C of E Primary School	46,222	-
Central	496,953	234,174
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,206,069	431,575
Restricted fixed asset fund	24,273,570	17,080,148
Pension reserve	(8,234,000)	(3,478,000)
	<hr/>	<hr/>
<b>TOTAL</b>	<b>17,245,639</b>	<b>14,033,723</b>
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. STATEMENT OF FUNDS (CONTINUED)**

**TOTAL COST ANALYSIS BY ACADEMY**

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 2019 £	Total 2018 £
The Marches School	2,972,259	1,043,122	77,938	1,653,136	5,746,455	7,521,459
Sir John Talbot's School	1,958,714	562,492	59,807	744,699	3,325,712	3,066,296
Tilstock C of E Primary School	160,160	100,288	11,673	79,955	352,076	253,659
The Grove School	2,334,484	439,192	68,047	792,323	3,634,046	-
Lower Heath C of E Primary School	104,794	75,969	3,948	40,034	224,745	-
Central services	175,434	371,243	4,608	2,003,177	2,554,462	770,202
<b>ACADEMY TRUST</b>	<b>7,705,845</b>	<b>2,592,306</b>	<b>226,021</b>	<b>5,313,324</b>	<b>15,837,496</b>	<b>11,611,616</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. STATEMENT OF FUNDS (CONTINUED)**

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>UNRESTRICTED FUNDS</b>					
General Funds - all funds	193,731	1,330,521	(1,257,862)	-	266,390
<b>RESTRICTED GENERAL FUNDS</b>					
General Annual Grant (GAG)	57,313	9,325,133	(9,232,261)	-	150,185
High Needs funding	-	189,730	(189,730)	-	-
Pupil Premium (PP)	-	419,719	(419,719)	-	-
Start Up Grant (SUG)	-	50,000	(50,000)	-	-
Other ESFA Grants	-	82,426	(82,426)	-	-
Sponsorship	105,387	40,000	(130,387)	-	15,000
Pension reserve	(3,841,000)	(115,000)	(253,000)	731,000	(3,478,000)
	<u>(3,678,300)</u>	<u>9,992,008</u>	<u>(10,357,523)</u>	<u>731,000</u>	<u>(3,312,815)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>					
Fixed assets transferred on conversion	14,677,992	11,071	(297,429)	-	14,391,634
Fixed assets purchased from GAG and other restricted funds	83,714	-	(35,939)	-	47,775
ESFA Capital Grants	2,269,261	109,945	(139,053)	-	2,240,153
Devolved Formula Capital (DFC)	142,547	45,746	(27,592)	-	160,701
Building refurbishment grant	107,141	-	(2,300)	-	104,841
Fixed Assets purchased from General Funds	153,013	-	(17,969)	-	135,044
	<u>17,433,668</u>	<u>166,762</u>	<u>(520,282)</u>	<u>-</u>	<u>17,080,148</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>13,755,368</u>	<u>10,158,770</u>	<u>(10,877,805)</u>	<u>731,000</u>	<u>13,767,333</u>
<b>TOTAL FUNDS</b>	<u>13,949,099</u>	<u>11,489,291</u>	<u>(12,135,667)</u>	<u>731,000</u>	<u>14,033,723</u>

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

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

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	24,273,159	24,273,159
Current assets	567,775	2,148,425	133,597	2,849,797
Creditors due within one year	-	(1,510,131)	(133,186)	(1,643,317)
Provisions for liabilities and charges	-	(8,234,000)	-	(8,234,000)
<b>TOTAL</b>	<b>567,775</b>	<b>(7,595,706)</b>	<b>24,273,570</b>	<b>17,245,639</b>

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	16,967,826	16,967,826
Current assets	266,390	1,518,298	112,322	1,897,010
Creditors due within one year	-	(1,353,113)	-	(1,353,113)
Provisions for liabilities and charges	-	(3,478,000)	-	(3,478,000)
<b>TOTAL</b>	<b>266,390</b>	<b>(3,312,815)</b>	<b>17,080,148</b>	<b>14,033,723</b>

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<b>23. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
	2019 £	2018 £
Net income/(expenditure) for the year (as per statement of financial activities)	5,524,916	(646,376)
<b>ADJUSTMENTS FOR:</b>		
Depreciation	648,242	520,282
Capital grants from DfE and other capital income	(306,807)	(155,691)
Interest receivable	(10,470)	(3,038)
Defined benefit pension scheme obligation inherited	1,840,000	115,000
Defined benefit pension scheme cost less contributions payable	455,000	154,000
Defined benefit pension scheme finance cost	148,000	99,000
(Increase)/decrease in debtors	(437,956)	158,587
Increase/(decrease) in creditors	418,390	(140,790)
Tangible fixed assets transferred on joining the Trust	(7,500,000)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>779,315</b>	<b>100,974</b>
<b>24. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	2019 £	2018 £
Interest received	10,470	3,038
Purchase of tangible fixed assets	(453,575)	(352,018)
Capital grants from DfE Group	306,807	155,691
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(136,298)</b>	<b>(193,289)</b>
<b>25. ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
	2019 £	2018 £
Cash in hand	1,907,623	1,264,606
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>1,907,623</b>	<b>1,264,606</b>

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**26. CONVERSION TO AN ACADEMY TRUST**

On 1 December 2018 The Grove School 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 as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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 £
<b>TANGIBLE FIXED ASSETS</b>				
Freehold land and buildings	-	-	7,500,000	7,500,000
<b>CURRENT ASSETS</b>				
Cash - representing budget surplus on LA funds	448,056	-	-	448,056
Cash - representing budget surplus on other school funds	-	-	19,857	19,857
<b>NON-CURRENT LIABILITIES</b>				
LGPS pension surplus/(deficit)	-	(1,840,000)	-	(1,840,000)
<b>NET ASSETS/(LIABILITIES)</b>	<u>448,056</u>	<u>(1,840,000)</u>	<u>7,519,857</u>	<u>6,127,913</u>

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**26. CONVERSION TO AN ACADEMY TRUST (CONTINUED)**

On 1 April 2019 Lower Heath C of E Primary School 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 as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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 £	Total funds £
<b>CURRENT ASSETS</b>		
Cash - representing budget surplus on LA funds	52,159	52,159
<b>NET ASSETS</b>	<u>52,159</u>	<u>52,159</u>

**27. CAPITAL COMMITMENTS**

	2019 £	2018 £
<b>CONTRACTED FOR BUT NOT PROVIDED IN THESE FINANCIAL STATEMENTS</b>		
Acquisition of tangible fixed assets	<u>159,226</u>	<u>74,945</u>

**28. PENSION COMMITMENTS**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Shropshire County Council. Both are multi-employer defined benefit 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 £159,205 were payable to the schemes at 31 August 2019 (2018 - £144,305) and are included within creditors.

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**28. PENSION COMMITMENTS (CONTINUED)**

**TEACHERS' PENSION SCHEME**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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 2016 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 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,000 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £1,119,251 (2018 - £856,097).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

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**28. PENSION COMMITMENTS (CONTINUED)**

**LOCAL GOVERNMENT PENSION SCHEME**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £584,000 (2018 - £355,000), of which employer's contributions totalled £465,000 (2018 - £280,000) and employees' contributions totalled £ 119,000 (2018 - £75,000). The agreed contribution rates for future years are 14.9 per cent for employers and 5.5 - 7.5 per cent 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**

	2019	2018
	%	%
Rate of increase in salaries	3.6	3.6
Rate of increase for pensions in payment / inflation	2.2	2.2
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.1	2.1

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	23.2	23.1
Females	26.4	26.3
<i>Retiring in 20 years</i>		
Males	25.4	25.3
Females	28.7	28.6

**Sensitivity analysis**

	2019	2018
	£000	£000
Discount rate +0.1%	7,978	6,225
Mortality assumption - 1 year increase	8,442	6,477
CPI rate +0.1%	8,496	6,506

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**28. PENSION COMMITMENTS (CONTINUED)**

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,743,000	1,459,000
Property	164,000	144,000
Cash and other liquid assets	63,000	69,000
Other bonds	724,000	640,000
Other	786,000	560,000
<b>Total market value of assets</b>	<b>3,480,000</b>	<b>2,872,000</b>

The actual return on scheme assets was £115,000 (2018 - £140,000).

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

	2019 £	2018 £
Current service cost	(619,000)	(434,000)
Interest income	74,000	54,000
Interest cost	(222,000)	(153,000)
<b>Total amount recognised in the statement of financial activities</b>	<b>(767,000)</b>	<b>(533,000)</b>

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

	2019 £	2018 £
<b>At 1 September</b>	<b>6,364,000</b>	<b>6,268,000</b>
Current service cost	619,000	434,000
Interest cost	222,000	153,000
Employee contributions	119,000	75,000
Actuarial losses/(gains)	2,342,000	(654,000)
Benefits paid	(79,000)	(51,000)
Losses on curtailments	-	14,000
Past service costs	287,000	125,000
Business combinations	1,840,000	-
<b>At 31 August</b>	<b>11,714,000</b>	<b>6,364,000</b>

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**28. PENSION COMMITMENTS (CONTINUED)**

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

	2019 £	2018 £
At 1 August	2,872,000	2,427,000
Interest income	87,000	54,000
Actuarial gains	29,000	77,000
Employer contributions	465,000	280,000
Employee contributions	119,000	75,000
Benefits paid	(79,000)	(51,000)
Assets transferred on conversion	-	10,000
Administration expense	(13,000)	-
At 31 August	<u>3,480,000</u>	<u>2,872,000</u>

**29. OPERATING LEASE COMMITMENTS**

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	44,133	55,214
Later than 1 year and not later than 5 years	79,879	34,024
	<u>124,012</u>	<u>89,238</u>

**30. 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.

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**31. 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.

In the prior 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 Member of the Academy. The value of purchases in the year was £6,190 (2018: £594), with a balance outstanding at the year end of £NIL (2018: £NIL).

During the year legal and administrative expenses of £2,075 (2018: £1,250) were paid by the Marches Academy Trust on behalf of the Lichfield Diocese. These costs were incurred in respect of Tilstock Primary School joining the Multi Academy Trust. The Lichfield Diocese is connected by virtue of the Church of England Central Educational Trust being a member of the Marches Academy Trust.

**32. POST BALANCE SHEET EVENTS**

On 1 September, Longlands Primary School, Grange Primary School and Shrewsbury Academy joined Marches Academy Trust. All assets and liabilities were transferred on this date. The results of these schools from this date forwards will be included within the financial statements of Marches Academy Trust.

**33. AGENCY ARRANGEMENTS**

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2019 the Trust brought forward funds of £8,469 (2018: £12,469), received £38,043 (2018: £22,599) and disbursed £23,503 (2018: £26,599) from the fund. An amount of £23,008 (2018: £8,469) is included in other creditors relating to undistributed funds that is to be carried forward for distribution in the following accounting period.

**34. PRIOR YEAR RECLASSIFICATION**

Teaching school income was previously included in charitable activities. However, due to the amounts involved and the requirements to disclose teaching school income and expenditure separately in the financial statements, this income is now shown separately in the Statement of Financial Activities. The comparatives have also therefore been amended to show the teaching school separately. There is no adjustment to the results for the year, or funds carried forward, as a result of this reclassification. The teaching school trading account is disclosed separately in note 35.

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**35. TEACHING SCHOOL TRADING ACCOUNT**

	2019 £	2019 £	2018 £	2018 £
<b>Income</b>				
<b>DIRECT INCOME</b>				
Other income	1,007,228		847,323	
<b>OTHER INCOME</b>				
Grant income	-		50,000	
<b>TOTAL INCOME</b>		<b>1,007,228</b>		<b>897,323</b>
<b>Expenditure</b>				
<b>DIRECT EXPENDITURE</b>				
Direct staff costs	167,749		193,092	
Other direct costs	389,949		442,003	
	<u>557,698</u>		<u>635,095</u>	
<b>OTHER EXPENDITURE</b>				
Other staff costs	108,202		86,480	
Other support costs	115,924		53,250	
<b>TOTAL OTHER EXPENDITURE</b>	<u>224,126</u>		<u>139,730</u>	
<b>TOTAL EXPENDITURE</b>		<b>781,824</b>		<b>774,825</b>
<b>Surplus from all sources</b>		<b>225,404</b>		<b>122,498</b>
<b>Teaching school balances at 1 September 2018</b>		<b>122,498</b>		<b>-</b>
<b>TEACHING SCHOOL BALANCES AT 31 AUGUST 2019</b>		<u><u>347,902</u></u>		<u><u>122,498</u></u>