

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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

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

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Ms A Burgess Mr R Forrester Mr D Griffiths Mrs C Shaw on behalf of the Church of England Central Educational Trust (appointed 11 January 2021) Mr A Walpole
Trustees	Mrs C Bennett ^{1,2,3} Mrs A Cattermole (appointed 27 September 2021) Mr S Cowper ^{1,2,3} Mrs P Edwards (appointed 22 March 2021) ^{1,2,3} Ms S Finch, CEO ^{1,2,3} Mr A Fry, Chair ^{1,2,3} Mr M Liquorish ^{2,3} Mr A Walpole ^{1,2,3} Mr K Winter (resigned 5 May 2021) ¹ Audit and Risk Committee ² Educational Standards Committee ³ Finance and Operations Committee
Company registered number	07680422
Company name	Marches Academy Trust
Registered office	The Marches School Morda Road Oswestry Shropshire SY11 2AR
Trust schools	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 Shrewsbury Academy Longlands Primary School Oakmeadow C of E Primary and Nursery School Woodlands School (joined 1 April 2021)
Company secretary	Mr G Bridges
Accounting officer	Ms S Finch

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

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Senior leadership team Ms S Finch, CEO
Mr D O'Toole, Deputy CEO
Mr G Bridges, Chief Financial & Operating Officer
Mrs C Prestley-Bird, Executive Director of Alliance of Leading Learning
Mrs C Whelan, Executive Director of Education

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

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

Solicitors Browne Jacobson LLP
Victoria Square House
Victoria Square
Birmingham
B2 4BU

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2021. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 5 primary, 4 secondary and 1 SEMH special school in Shropshire. Its schools have a combined 4,985 pupils on roll in 2020/21.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Marches 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 Marches 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 operates as Marches Academy Trust and under the names of its schools and Teaching School: The Marches School, Sir John Talbot's School, Tilstock C of E Primary School and Nursery, Grove School, Lower Heath C of E Primary School and Nursery, Shrewsbury Academy, Longlands Community Primary School, Grange Primary School, Oakmeadow C of E Primary School, Woodlands School and Alliance of Leading Learning.

Details of the Trustees who served throughout the year, and to the date the accounts are approved are included in the Reference and Administration Details.

Trustees' Liability

Each Trustee 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 Trustee, or within one year after he/she ceases to be a Trustee, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a Trustee.

**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	Numbers 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	25,400,199
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 2021**

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Marches 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 Marches 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 Marches Academy Trust. The limit of this indemnity is £10,000,000.

Method of recruitment and appointment or election of Trustees

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

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

Trustees are appointed for a four-year period, except that this time limit does not apply to the 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 training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets twice each term. The Board establishes an overall framework for the governance of the 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 6 times per year 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 Committee – this committee is responsible for ensuring compliance with reporting and regulatory requirements, receiving reports from the Responsible Officer, risk management and Health & Safety.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

- Education 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 Trust and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the CEO 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 Executive Leadership Group (ELG). The ELG comprises the CEO, Deputy CEO, Chief Financial and Operating Officer, Executive Director of Education, and the Executive Director of the Alliance of Leading Learning. The ELG 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

Pay and remuneration of the Senior Leadership Team is set in accordance with the Academy Financial Handbook (from September 2021 – the Academy Trust Handbook).

Related Parties and other Connected Charities and Organisations

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.

Engagement with employees (including disabled persons)

The Trust engages with their employees through many means and methods, including:

- Consulting with employees on key matters, including engaging the relevant union officials. The Trust has recently established a JCNC with its unions.
- Have a staff representation on Local Governing Bodies
- Regular updates to all staff via weekly newsletters

OBJECTIVES AND ACTIVITIES

Objectives and Aims

The principal objective and activity of the Marches 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.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

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 Marches Academy Trust has grown again during the year with Woodlands School joining as the Trust's first special school. 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 Marches Academy 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 Marches Academy Trust are financially viable in a difficult funding environment.
- Developing closer links between schools and the communities we serve.

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 Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Marches Academy Trust's aims and objectives and in planning its future activities.

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

The Marches 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

The Trust has continued to grow during the year. On 1st May 2021 Woodlands School joined the Marches Academy Trust. Woodlands is an SEMH special school and is the first special school within the Trust. Significant changes have been instigated at the school following conversion, improving the facilities, and redesigning the curriculum and staffing model ensuring the school provides the best possible learning environment for its students.

The Marches Academy Trust continues to have a positive effect on the recruitment of pupils to its schools. Sir John Talbot's School is now at full capacity and recovery in numbers is strong at Shrewsbury Academy as the performance of the school continues to improve and links with the local community become stronger.

The Trust's teaching school, The Alliance of Leading Learning continues 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.

Schools within the Trust have felt the benefits of collaboration during the year with extensive CPD programmes developed with Trust wide participation. Our Trust central school improvement team have helped schools with quality assurance and developing plans to ensure continual improvement.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

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 £893,627 and restricted reserves (excluding pension deficit) were £1,206,336.

Another key financial performance indicator is staffing costs as a percentage of income. For 2021 this was 81%, this is higher than the 2020 figure which was 78%.

The Trust has not renewed their NPQ license going forwards after this financial year. The Trust intends to be a partner going forwards in the delivery of these courses which were previously offered through the Alliance for Leading Learning.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Marches 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 Statement of Accounting Policies.

FINANCIAL REVIEW

Most of the Academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2021 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2021, total expenditure of £33,677,490 was covered by recurrent grant funding from the DfE, together with other incoming resources of £2,010,584.

At 31 August 2021 the net book value of fixed assets was £32,989,559 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.

The Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff who transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 26 to the financial statements.

Reserves Policy

The Trust has developed a reserves policy to ensure that a balance is achieved between the requirement to hold funds in reserve for cashflow and unexpected events and the need to invest funds in the pupils within its schools. Under the reserves policy, schools can choose to use their reserves if the school remains in surplus over the three year financial projection period. This is designed to ensure that schools remain financially resilient and are able to plan for use of reserves on specific projects.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

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

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. All funds surplus to immediate requirements are invested to optimal effect. On a daily basis this is achieved by an automatic transfer of surplus funds to an 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 Trust has considerable reliance on continued Government funding through the ESFA. In the last year 96% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

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

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

Fraud and mismanagement of funds - all finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area. The Trust scheme of delegation identifies levels of authority delegated to staff.

The Trustees have assessed the major risks to which the Academy Trust 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.

At the year end, the Academy Trust 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 26 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, the risk from this liability is minimised.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

UK Greenhouse gas emissions and energy use data for the year 1 September 2020 to 31 August 2021	
Energy consumption used to calculate emissions (kWh)	
Energy consumption break down (kWh) (optional)	
• gas,	8,759,650
• electricity,	1,543,962
• transport fuel	
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	1,347
Owned transport – mini-buses	
<u>Total scope 1</u>	
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	360
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel in employee owned vehicles	
Total gross emissions in metric tonnes CO2e	1,707
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.34

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

As the trust has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

FUNDRAISING

The Academy Trust does not use any external fundraisers. No fundraising was undertaken during the year.

PLANS FOR FUTURE PERIODS

The Trust continues to develop the facilities and opportunities available to its pupils. During the summer term the Trustees agreed to a number of capital programmes to improve the condition of the estate and enhance the facilities – delivery has been frustrated by the impact of the pandemic on the construction industry, but it is anticipated works will commence in the coming academic year.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

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.

AUDITOR

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office but a tender process will take place next year, per the Academy Trust Handbook which requires a retendering of the external audit contract every five years.

The Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 13th December 2021 and signed on the board's behalf by:



Mr A Fry
Chair of Trustees

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

**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021**

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 12 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
Catherine Bennett	11	12
Stuart Cowper	11	12
Pam Edwards	2	5
Alex Fry	12	12
Mark Liquorish	12	12
Sarah Finch	12	12
Arthur Walpole	11	12

The Finance and Operations is a sub-committee of the main Board of Trustees. Its purpose is to oversee the financial and operational performance of the Trust ensuring resources are used in an efficient and effective manner.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Catherine Bennett	4	4
Stuart Cowper	4	4
Pam Edwards	1	1
Alex Fry	4	4
Mark Liquorish	4	4
Sarah Finch	4	4
Arthur Walpole	4	4

The Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensure the Trust has plans and processes in place to mitigate and control the risks to which it is exposed.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Catherine Bennett	4	4
Stuart Cowper	4	4
Pam Edwards	1	1
Alex Fry	4	4
Mark Liquorish	3	3
Sarah Finch	4	4
Arthur Walpole	3	3

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

**GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

The Educational Standards Committee is 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.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Catherine Bennett	5	6
Stuart Cowper	6	6
Pam Edwards	2	2
Alex Fry	6	6
Mark Liquorish	6	6
Sarah Finch	6	6
Arthur Walpole	6	6

REVIEW OF VALUE FOR MONEY

As accounting officer, the CEO has responsibility for ensuring that the Marches 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 Marches 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 Marches Academy Trust has delivered improved value for money during the year by:

Review of staffing structures – The Marches Academy Trust ensures efficiency in its schools and regularly reviews staffing structures to ensure affordability and fitness for purpose. In the year restructuring has been carried out at three of the Trust's schools to ensure staffing models are financially viable and match the needs of the curriculum.

Provision of services to schools – during the year the Marches Academy Trust has invested in its Human Resources (HR) team to improve the services delivered to schools and reduce the reliance on externally procured services. The new HR team have re-designed all HR policies ensuring a consistent application across the Marches Academy Trust.

Energy efficiency – the Marches Academy Trust has undertaken some works during the year to improve the energy efficiency of its schools including installation of LED lighting and completion of the replacement of some old heating and power infrastructure. This will reduce the environmental impact of our schools and extend the life of our facilities.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks the achievement of the Marches 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 period from 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

**GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Marches 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 Marches Academy Trust's significant risks that have been in place for the period from 1 September 2020 to 31 August 2021 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 Marches 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;
- identification and management of risks.

Through the work of the audit committee, the Board of Trustees has decided to commission specific programmes of work which address the higher risk items in the Trust risk register. The audit plan is reviewed and updated annually in light of any changes to the risk register.

During the year this has included audits of pension schemes, annex G returns, Covid-19 risk management protocols and Single Central Record management procedures.

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 audit committee
- The work of the external auditor
- The financial management and governance self-assessment process

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 ensure continuous improvement of the system is in place.

Approved by order of the Trustees of the Board of Trustees on 13th December 2021 and signed on its behalf by:



Mr A Fry
Chair of Trustees



Ms S Finch
Accounting Officer

**MARCHES ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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 2021.

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 2021.

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.



Ms S Finch
Accounting Officer
Date: 13th December 2021

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021**

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial . 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 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements 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 Fry
Chair of Trustees
Date: 13th December 2021

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

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

OPINION

We have audited the financial statements of Marches Academy Trust (the 'academy trust') for the year ended 31 August 2021 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 2020 to 2021 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 2021 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 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the Academy sector, control environment and the Academy Trust's performance;
- results of our enquiries of management and the Trustee board, including the committees charged with governance over the Academy Trust's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Academy Trust's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or noncompliance with laws and regulations; and assessment of the impact of schools joining the Academy Trust in relation to these areas;
- how the Academy Trust ensured it met its obligations arising from it being financed by the ESFA and other funders, and as such material compliance with these obligations is required to ensure the Academy Trust will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure;
- how the Academy Trust ensured it met its obligations to its principal regulator, the Secretary of State for Education; and
- the matters discussed among the audit engagement team and involving relevant internal Academy specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of revenue, management override of controls using manual journal entries, procurement and payroll. We identified the greatest potential for fraud as incorrect recognition of revenue and management override using manual journal entries.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Academy Trust operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Academies Accounts Direction, Academies Financial Handbook, UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Academy Trust's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, building legislation and employment legislation.

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

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Trustees and management and those charged with governance concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of its regulators;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our 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: 16th December 2021

**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**

In accordance with the terms of our engagement letter dated 16 September 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, 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 2020 to 31 August 2021 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 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 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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)**

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 2020 to 31 August 2021 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

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: 16th December 2021

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants:	4					
Transfer in from Local Authority on conversion to an Academy Trust		-	(1,162,000)	430,000	(732,000)	(1,009,247)
Transfer of existing Academies into the Academy Trust		-	-	-	-	(118,818)
Other donations and capital grants		62,210	-	2,186,200	2,248,410	2,811,961
Other trading activities	6	88,895	-	-	88,895	75,717
Investments	7	6,844	-	-	6,844	10,702
Charitable activities	5	334,068	29,593,245	-	29,927,313	26,466,412
Teaching schools	37	972,653	-	-	972,653	1,034,504
Other income	8	317,180	-	-	317,180	247,956
Total income		1,781,850	28,431,245	2,616,200	32,829,295	29,519,187
Expenditure on:						
Charitable activities	9	474,017	31,331,833	1,045,308	32,851,158	28,008,167
Teaching schools	37	826,332	-	-	826,332	842,520
Total expenditure		1,300,349	31,331,833	1,045,308	33,677,490	28,850,687
Net movement in funds before other recognised gains/(losses)		481,501	(2,900,588)	1,570,892	(848,195)	668,500
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	32	-	(2,193,000)	-	(2,193,000)	204,000
Net movement in funds		481,501	(5,093,588)	1,570,892	(3,041,195)	872,500

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Reconciliation of funds:					
Total funds brought forward	412,126	(15,524,076)	33,230,089	18,118,139	17,245,639
Net movement in funds	481,501	(5,093,588)	1,570,892	(3,041,195)	872,500
Total funds carried forward	893,627	(20,617,664)	34,800,981	15,076,944	18,118,139

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

The notes on pages 27 to 61 form part of these financial statements.

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

**BALANCE SHEET
AS AT 31 AUGUST 2021**

	Note	2021 £	As restated 2020 £
Fixed assets			
Tangible assets	16	32,989,559	32,038,875
		32,989,559	32,038,875
CURRENT ASSETS			
Stocks	17	773	773
Debtors	18	1,314,525	2,254,444
Cash at bank and in hand		5,101,701	3,768,709
		6,416,999	6,023,926
Creditors: amounts falling due within one year	19	(2,420,063)	(2,605,614)
Net current assets		3,996,936	3,418,312
Total assets less current liabilities		36,986,495	35,457,187
Creditors: amounts falling due after more than one year	20	(85,551)	(101,048)
Net assets excluding pension liability		36,900,944	35,356,139
Defined benefit pension scheme liability	32	(21,824,000)	(17,238,000)
Total net assets		15,076,944	18,118,139
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	23	34,800,981	33,230,089
Restricted income funds	23	1,206,336	1,713,924
Restricted funds excluding pension liability	23	36,007,317	34,944,013
Pension reserve	23	(21,824,000)	(17,238,000)
Total restricted funds	23	14,183,317	17,706,013
Unrestricted income funds	23	893,627	412,126
Total funds		15,076,944	18,118,139

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

**BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021**

The financial statements on pages 22 to 61 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Mr A Fry
Chair of Trustees
Date: 13th December 2021

The notes on pages 27 to 61 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	25	227,327	1,728,094
Cash flows from investing activities	27	1,103,568	18,375
Cash flows from financing activities	26	2,097	114,617
Change in cash and cash equivalents in the year		1,332,992	1,861,086
Cash and cash equivalents at the beginning of the year		3,768,709	1,907,623
Cash and cash equivalents at the end of the year	28, 29	5,101,701	3,768,709

The notes on pages 27 to 61 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 2021**

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.

These financial statements are presented in Pound Sterling (£), this being the functional currency of the company.

2. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted, judgements 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

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.

• **Transfer of existing academies into the Academy Trust**

Where assets and liabilities are received on the transfer of an existing academy into the Academy Trust, 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 for the transfer of an existing academy into the Academy Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

2. ACCOUNTING POLICIES (continued)

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.

- **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. ACCOUNTING POLICIES (continued)

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.

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. ACCOUNTING POLICIES (continued)

2.9 DEBTORS

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

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.

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.

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 notes 19 and 20. 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. ACCOUNTING POLICIES (continued)

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.

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 35.

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 JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The 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 32, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating 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 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Transfer in from Local Authority on conversion to an Academy Trust	-	(1,162,000)	430,000	(732,000)	(1,009,247)
Transfer of existing Academies into the Academy Trust	-	-	-	-	(118,818)
	<u>-</u>	<u>(1,162,000)</u>	<u>430,000</u>	<u>(732,000)</u>	<u>(1,128,065)</u>
Donations	62,210	-	135,150	197,360	54,847
Capital Grants	-	-	2,051,050	2,051,050	2,757,114
	<u>62,210</u>	<u>-</u>	<u>2,186,200</u>	<u>2,248,410</u>	<u>2,811,961</u>
TOTAL 2021	<u>62,210</u>	<u>(1,162,000)</u>	<u>2,616,200</u>	<u>1,516,410</u>	<u>1,683,896</u>
TOTAL 2020	<u>189,478</u>	<u>(8,265,000)</u>	<u>9,759,418</u>	<u>1,683,896</u>	

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5. FUNDING FOR THE ACADEMY TRUST'S EDUCATION

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	As restated Total funds 2020 £
DFE/ESFA GRANTS				
General Annual Grant	-	24,145,633	24,145,633	22,075,862
OTHER DFE/ESFA GRANTS				
Start up grants	-	21,000	21,000	-
Universal Infant Free School Meals	-	146,128	146,128	148,600
Pupil Premium	-	1,317,656	1,317,656	1,270,345
Other government grants: non capital	-	1,719,964	1,719,964	2,061,372
	-	27,350,381	27,350,381	25,556,179
OTHER GOVERNMENT GRANTS				
High Needs	-	1,001,512	1,001,512	4,849
Other Local Authority grants	-	689,662	689,662	758,512
	-	1,691,174	1,691,174	763,361
COVID-19 ADDITIONAL FUNDING (DFE/ESFA)				
Catch Up Funding	-	374,160	374,160	-
Other DfE/ESFA COVID-19 funding	-	177,530	177,530	-
	-	551,690	551,690	-
OTHER FUNDING				
Internal catering income	66,230	-	66,230	30,469
Income for hosting trainee teachers	11,800	-	11,800	7,900
Sales to students	17,992	-	17,992	6,593
Nursery income	170,626	-	170,626	50,927
Transport income	67,420	-	67,420	50,983
	334,068	-	334,068	146,872
TOTAL 2021	334,068	29,593,245	29,927,313	26,466,412
TOTAL 2020 AS RESTATED	146,872	26,319,540	26,466,412	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

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6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Lettings	88,895	88,895	75,717
	<u>88,895</u>	<u>88,895</u>	
TOTAL 2020	75,717	75,717	
	<u>75,717</u>	<u>75,717</u>	

7. INVESTMENT INCOME

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Bank interest	6,844	6,844	10,702
	<u>6,844</u>	<u>6,844</u>	
TOTAL 2020	10,702	10,702	
	<u>10,702</u>	<u>10,702</u>	

8. OTHER INCOMING RESOURCES

	Unrestricted funds 2021 £	Total funds 2021 £	As restated Total funds 2020 £
Other income	317,180	317,180	247,956
	<u>317,180</u>	<u>317,180</u>	
TOTAL 2020 AS RESTATED	247,956	247,956	
	<u>247,956</u>	<u>247,956</u>	

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9. EXPENDITURE

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £	Total 2020 £
EDUCATION:					
Direct costs	18,525,516	554,892	1,112,389	20,192,797	17,662,042
Support costs	7,260,471	2,627,965	2,769,925	12,658,361	10,346,125
Teaching school	341,064	-	485,268	826,332	842,520
TOTAL 2021	<u>26,127,051</u>	<u>3,182,857</u>	<u>4,367,582</u>	<u>33,677,490</u>	<u>28,850,687</u>
TOTAL 2020	<u>22,183,444</u>	<u>3,316,628</u>	<u>3,350,615</u>	<u>28,850,687</u>	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Education	<u>20,192,797</u>	<u>12,658,361</u>	<u>32,851,158</u>	<u>28,008,167</u>
TOTAL 2020	<u>17,662,042</u>	<u>10,346,125</u>	<u>28,008,167</u>	

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10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF DIRECT COSTS

	Total funds 2021 £	Total funds 2020 £
Pension finance costs	63,000	56,000
Staff costs	18,051,321	15,832,054
Depreciation	554,892	513,661
Educational supplies	672,690	431,954
Examination fees	260,824	278,404
Staff development	91,339	78,372
Other costs	12,662	18,908
Supply teachers	474,195	433,826
Educational consultancy	11,874	18,863
	<u>20,192,797</u>	<u>17,662,042</u>

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10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF SUPPORT COSTS

	Total funds 2021 £	Total funds 2020 £
Pension finance costs	274,000	242,000
Staff costs	7,260,471	5,620,029
Depreciation	490,416	363,843
Educational supplies	26,467	8,960
Other costs	384,489	248,548
Recruitment and support	101,365	108,939
Maintenance of premises and equipment	602,070	474,317
Cleaning	627,033	378,635
Rent and rates	277,516	270,478
Energy costs	444,199	469,223
Insurance	210,085	177,472
Security and transport	186,731	254,269
Catering	589,118	354,947
Technology costs	512,275	537,957
Office overheads	303,864	270,558
Legal and professional	322,950	480,561
Bank interest and charges	6,067	5,312
Legal costs - conversion	14,250	38,823
Governance	24,995	41,254
	12,658,361	10,346,125

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	225,578	127,432
Depreciation of tangible fixed assets	1,045,308	877,504
Fees paid to auditors for:		
- audit	21,800	20,750
- other services	3,115	2,840

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**NOTES TO THE FINANCIAL STATEMENTS
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12. STAFF

a. STAFF COSTS

Staff costs during the year were as follows:

	2021	2020
	£	£
Wages and salaries	18,233,125	15,950,399
Social security costs	1,780,944	1,548,737
Pension costs	5,386,130	4,250,482
	25,400,199	21,749,618
Agency staff costs	474,195	433,826
Staff restructuring costs	252,657	-
	26,127,051	22,183,444

Staff restructuring costs comprise:

	2021	2020
	£	£
Redundancy payments	252,657	-
	252,657	-

b. STAFF NUMBERS

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

	2021	2020
	No.	No.
Teachers	306	297
Administration and support	350	304
Management	14	13
	670	614

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

12. STAFF (CONTINUED)

b. STAFF NUMBERS (CONTINUED)

The average headcount expressed as full-time equivalents was:

	2021	2020
	No.	No.
Teachers	284	288
Administration and support	237	191
Management	14	13
	535	492

c. HIGHER PAID STAFF

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

	2021	2020
	No.	No.
In the band £60,001 - £70,000	15	7
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	2	2
In the band £90,001 - £100,000	1	2
In the band £100,001 - £110,000	2	-
In the band £130,000 - £140,000	-	1
In the band £140,000 - £150,000	1	-

d. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £673,429 (2020: £556,859).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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:

	2021	2020
	£	£
The Marches School	361,622	346,141
Sir John Talbot's School	178,988	172,523
Tilstock C of E Primary School	18,430	11,965
The Grove School	206,368	199,137
Lower Heath C of E Primary School	22,069	20,759
Grange Primary School	48,239	52,883
Shrewsbury Academy	231,233	226,433
Longlands Primary School	43,526	46,709
Oakmeadow C of E Primary and Nursery School	74,050	24,726
TOTAL	1,184,525	1,101,276

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:

		2021	2020
		£	£
Ms S Finch, CEO	Remuneration	145,000 -	135,000 -
		150,000	140,000
	Pension contributions paid	30,000 -	25,000 -
		35,000	30,000

During the year ended 31 August 2021, expenses totalling £NIL were reimbursed or paid directly to Trustee (2020 - £420 to 1 Trustee).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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.

16. TANGIBLE FIXED ASSETS

	Land and buildings £	Furniture and equipment £	Computer equipment £	Total £
COST OR VALUATION				
At 1 September 2020	35,823,565	36,144	428,386	36,288,095
Additions	1,758,821	-	237,171	1,995,992
At 31 August 2021	<u>37,582,386</u>	<u>36,144</u>	<u>665,557</u>	<u>38,284,087</u>
DEPRECIATION				
At 1 September 2020	3,858,727	25,898	364,595	4,249,220
Charge for the year	975,558	2,460	67,290	1,045,308
At 31 August 2021	<u>4,834,285</u>	<u>28,358</u>	<u>431,885</u>	<u>5,294,528</u>
NET BOOK VALUE				
At 31 August 2021	<u><u>32,748,101</u></u>	<u><u>7,786</u></u>	<u><u>233,672</u></u>	<u><u>32,989,559</u></u>
At 31 August 2020	<u><u>31,964,838</u></u>	<u><u>10,246</u></u>	<u><u>63,791</u></u>	<u><u>32,038,875</u></u>

17. STOCKS

	2021	2020
	£	£
Uniforms	<u><u>773</u></u>	<u><u>773</u></u>

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18. DEBTORS

	2021 £	2020 £
DUE WITHIN ONE YEAR		
Trade debtors	159,372	185,812
Other debtors	13,217	144,202
Prepayments and accrued income	753,450	1,465,631
VAT recoverable	388,486	458,799
	1,314,525	2,254,444

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
ESFA loans	31,163	13,569
Trade creditors	993,057	1,027,422
Other taxation and social security	476,940	396,835
Other creditors	525,767	472,473
Accruals and deferred income	393,136	695,315
	2,420,063	2,605,614
	2021 £	2020 £
Deferred income at 1 September 2020	210,072	174,465
Resources deferred during the year	123,395	210,072
Amounts released from previous periods	(210,072)	(174,465)
	123,395	210,072

At the year end £123,395 (2020: £163,778) was deferred in respect of teaching school income received in advance. the remaining £46,294 in the prior year was deferred in respect of other, smaller income receipts.

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20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
Other loans	85,551	101,048

Included in ESFA loans is a balance due at 31 August 2021 of £116,714, of which £31,163 is repayable within one year and is shown in note 19. The balance of £85,551 is due in more than one year. The loans are repayable in equal installments over a maximum period of 8 years. The interest rate on the loan is NIL%.

21. FINANCIAL INSTRUMENTS

	2021 £	2020 £
FINANCIAL ASSETS		
Financial assets measured at amortised cost	5,687,654	5,367,889
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	1,344,900	1,526,234

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

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

22. PRIOR YEAR ADJUSTMENTS

A prior year adjustment has been made to correct the allocation of teaching school expenditure for the previous two financial years. In the 2019 and 2020 financial years the expenditure was incorrectly included in restricted funds, whilst the income was recognised correctly as unrestricted. This impact of this adjustment is to treat both income and expenditure as unrestricted for the teaching school. This has led to £1,624,344 of expenditure from prior years decreasing the brought forward unrestricted fund balance as at the 1 September 2020. The restricted fund balance as at the 1 September 2020 has increased by the same amount. The impact on free reserves is nil. The brought forward balance is now £412,126, as can be seen in note 23 to the financial statements.

Furthermore a reclassification of several categories of income and expenditure has taken place over the financial results for this year for the purposes of more precise presentation of the Group results. Consequently, the comparatives of these categories on the face of the Consolidated Statement of Financial Activities have been altered as part of this reclassification. The net impact on the Consolidated and Company Only Balance sheet is nil.

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

	Restated Balance at 1 September 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Restated Balance at 31 August 2021 £
UNRESTRICTED FUNDS					
General Funds	412,126	1,781,850	(1,300,349)	-	893,627
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	1,713,924	24,145,633	(24,653,221)	-	1,206,336
High Needs funding	-	1,001,512	(1,001,512)	-	-
Pupil Premium (PP)	-	1,317,656	(1,317,656)	-	-
Start Up Grant (SUG)	-	21,000	(21,000)	-	-
Other grants	-	3,107,444	(3,107,444)	-	-
Pension reserve	(17,238,000)	(1,162,000)	(1,231,000)	(2,193,000)	(21,824,000)
	<u>(15,524,076)</u>	<u>28,431,245</u>	<u>(31,331,833)</u>	<u>(2,193,000)</u>	<u>(20,617,664)</u>
RESTRICTED FIXED ASSET FUNDS					
Fixed assets transferred on conversion	21,002,133	430,000	(660,657)	-	20,771,476
Fixed assets purchased from GAG and other restricted funds	31,949	-	(1,005)	-	30,944
ESFA Capital Grants	4,517,907	2,044,400	(142,118)	-	6,420,189
Devolved Formula Capital (DFC)	397,953	141,800	(12,518)	-	527,235
Building refurbishment grant	99,428	-	(3,128)	-	96,300
Fixed Assets purchased from General Funds	117,537	-	(3,697)	-	113,840
Transferred from a previous MAT	6,988,182	-	(219,825)	-	6,768,357
EIG grants	75,000	-	(2,360)	-	72,640
	<u>33,230,089</u>	<u>2,616,200</u>	<u>(1,045,308)</u>	<u>-</u>	<u>34,800,981</u>
TOTAL RESTRICTED FUNDS	<u>17,706,013</u>	<u>31,047,445</u>	<u>(32,377,141)</u>	<u>(2,193,000)</u>	<u>14,183,317</u>
TOTAL FUNDS	<u><u>18,118,139</u></u>	<u><u>32,829,295</u></u>	<u><u>(33,677,490)</u></u>	<u><u>(2,193,000)</u></u>	<u><u>15,076,944</u></u>

23. 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.

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.

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.

Other grants - income which has been received for specific purposes from the ESFA or Local Authority.

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.

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.

EIG grants - this represents capital funding to improve educational outcomes.

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 2021.

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23. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2019 £	Income £	As restated Expenditure £	As restated Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
UNRESTRICTED FUNDS						
General Funds	567,775	1,786,641	(1,160,466)	(781,824)	-	412,126
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	638,294	22,038,359	(21,669,553)	706,824	-	1,713,924
High Needs funding	-	502,815	(502,815)	-	-	-
Pupil Premium (PP)	-	1,278,275	(1,278,275)	-	-	-
Other grants	-	2,418,679	(2,418,679)	-	-	-
Pension reserve	(8,234,000)	(8,265,000)	(943,000)	-	204,000	(17,238,000)
	(7,595,706)	17,973,128	(26,812,322)	706,824	204,000	(15,524,076)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	21,525,133	-	(523,000)	-	-	21,002,133
Fixed assets purchased from GAG and other restricted funds	49,678	-	(17,729)	-	-	31,949
ESFA Capital Grants	2,131,693	2,654,578	(268,364)	-	-	4,517,907
Devolved Formula Capital (DFC)	336,919	116,658	(55,624)	-	-	397,953
Building refurbishment grant	102,541	-	(3,113)	-	-	99,428
Fixed Assets purchased from General Funds	127,606	-	(10,069)	-	-	117,537
Transferred from a previous MAT	-	6,988,182	-	-	-	6,988,182

**MARCHES ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

23. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2019 £	Income £	As restated Expenditure £	As restated Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
EIG grants	-	-	-	75,000	-	75,000
	<u>24,273,570</u>	<u>9,759,418</u>	<u>(877,899)</u>	<u>75,000</u>	<u>-</u>	<u>33,230,089</u>
TOTAL RESTRICTED FUNDS	<u>16,677,864</u>	<u>27,732,546</u>	<u>(27,690,221)</u>	<u>781,824</u>	<u>204,000</u>	<u>17,706,013</u>
TOTAL FUNDS	<u><u>17,245,639</u></u>	<u><u>29,519,187</u></u>	<u><u>(28,850,687)</u></u>	<u><u>-</u></u>	<u><u>204,000</u></u>	<u><u>18,118,139</u></u>

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

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021	2020
	£	£
The Marches School	170,716	124,049
Sir John Talbot's School	24,670	70,734
Tilstock C of E Primary School	29,415	12,983
The Grove School	394,635	350,656
Lower Heath C of E Primary School	26,606	28,670
Shrewsbury Academy	472,930	600,484
Longlands Primary School	28,119	66,127
Grange Primary School	347	123,378
Oakmeadow Church of England Primary and Nursery School	220,056	175,735
Woodlands School	477	-
Central	731,992	573,234
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,099,963	2,126,050
Restricted fixed asset fund	34,800,981	33,230,089
Pension reserve	(21,824,000)	(17,238,000)
	<hr/>	<hr/>
TOTAL	15,076,944	18,118,139
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

23. 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 2021 £	Total 2020 £
The Marches School	5,312,318	1,168,808	81,711	1,323,664	7,886,501	7,798,559
Sir John Talbot's School	2,837,098	762,381	85,332	735,293	4,420,104	4,188,261
Tilstock C of E Primary School	218,004	155,830	19,327	78,115	471,276	405,546
The Grove School	3,200,954	445,839	149,809	836,334	4,632,936	4,715,551
Lower Heath C of E Primary School	312,529	160,242	9,959	114,707	597,437	586,512
Shrewsbury Academy	2,796,994	1,209,789	66,376	1,201,129	5,274,288	5,026,122
Longlands Primary School	562,298	402,398	33,033	195,655	1,193,384	1,149,211
Grange Primary School	655,943	448,328	20,331	252,832	1,377,434	1,293,861
Oakmeadow Church of England Primary and Nursery School	933,657	719,788	142,548	224,897	2,020,890	627,286
Woodlands School	576,338	250,497	50,298	81,378	958,511	-
Central services	580,188	1,048,635	13,966	925,632	2,568,421	1,238,311
ACADEMY TRUST	17,986,321	6,772,535	672,690	5,969,636	31,401,182	27,029,220

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	(2,183)	-	32,991,742	32,989,559
Current assets	873,249	3,734,511	1,809,239	6,416,999
Creditors due within one year	108,112	(2,528,175)	-	(2,420,063)
Creditors due in more than one year	(85,551)	-	-	(85,551)
Provisions for liabilities and charges	-	(21,824,000)	-	(21,824,000)
TOTAL	893,627	(20,617,664)	34,800,981	15,076,944

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	32,038,875	32,038,875
Current assets	2,036,470	2,336,302	1,651,154	6,023,926
Creditors due within one year	-	(2,145,674)	(459,940)	(2,605,614)
Creditors due in more than one year	-	(101,048)	-	(101,048)
Provisions for liabilities and charges	-	(17,238,000)	-	(17,238,000)
TOTAL	2,036,470	(17,148,420)	33,230,089	18,118,139

**MARCHES ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

25. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	2021	2020
	£	£
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(848,195)	668,500
ADJUSTMENTS FOR:		
Depreciation	1,045,308	877,504
Capital grants from DfE and other capital income	(2,527,566)	(1,662,711)
Interest receivable	(6,844)	(10,702)
Defined benefit pension scheme obligation transferred	1,162,000	8,265,000
Defined benefit pension scheme cost less contributions payable	894,000	645,000
Defined benefit pension scheme finance cost	337,000	298,000
Decrease/(increase) in debtors	939,919	(1,313,043)
(Decrease)/increase in creditors	(203,145)	948,728
Tangible fixed assets transferred on joining the Trust	(430,000)	(6,988,182)
Donated DfE IT equipment	(135,150)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	227,327	1,728,094
26. CASH FLOWS FROM FINANCING ACTIVITIES		
	2021	2020
	£	£
Cash inflows from ESFA loan	49,151	128,186
Repayments of ESFA loan	(47,054)	(13,569)
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,097	114,617
27. CASH FLOWS FROM INVESTING ACTIVITIES		
	2021	2020
	£	£
Interest received	6,844	10,702
Purchase of tangible fixed assets	(1,430,842)	(1,655,038)
Capital grants from DfE Group	2,527,566	1,662,711
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,103,568	18,375

**MARCHES ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

28. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash in hand and at bank	5,101,701	3,768,709
TOTAL CASH AND CASH EQUIVALENTS	5,101,701	3,768,709

29. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2020 £	Cash flows £	New ESFA loan £	At 31 August 2021 £
Cash at bank and in hand	3,768,709	1,283,841	49,151	5,101,701
Debt due within 1 year	(13,569)	-	(17,594)	(31,163)
Debt due after 1 year	(101,048)	-	15,497	(85,551)
	3,654,092	1,283,841	47,054	4,984,987

30. CONVERSION TO AN ACADEMY TRUST

On 1 April 2021 Woodlands 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.

	Restricted funds £	Restricted fixed asset funds £	Total funds £
TANGIBLE FIXED ASSETS			
Leasehold land and buildings	-	430,000	430,000
NON-CURRENT LIABILITIES			
LGPS pension surplus/(deficit)	(1,162,000)	-	(1,162,000)
NET (LIABILITIES)/ASSETS	(1,162,000)	430,000	(732,000)

**MARCHES ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

31. CAPITAL COMMITMENTS

	2021	2020
	£	£
CONTRACTED FOR BUT NOT PROVIDED IN THESE FINANCIAL STATEMENTS		
Acquisition of tangible fixed assets	-	545,942
	<u> </u>	<u> </u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

32. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £366,881 were payable to the schemes at 31 August 2021 (2020 - £320,013) and are included within creditors.

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

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

VALUATION OF THE TEACHERS' PENSION SCHEME

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £3,139,270 (2020 - £2,629,664).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

32. 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 2021 was £1,497,237 (2020 - £1,193,000), of which employer's contributions totalled £1,217,127 (2020 - £966,000) and employees' contributions totalled £ 280,110 (2020 - £227,000). The agreed contribution rates for future years are 14.9 per cent for employers and 5.5 - 12.5 per cent for employees.

The LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

	2021	2020
	%	%
Rate of increase in salaries	4.05	3.6
Rate of increase for pensions in payment / inflation	2.9	2.4
Discount rate for scheme liabilities	1.7	1.8
Inflation assumption (CPI)	2.8	2.3

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

	2021	2020
	Years	Years
Retiring today		
Males	23.0	22.9
Females	25.1	25.0
Retiring in 20 years		
Males	24.3	24.2
Females	26.7	26.6

SENSITIVITY ANALYSIS

	2021	2020
	£000	£000
Discount rate +0.1%	21,144	16,718
Mortality assumption - 1 year increase	22,865	17,953
CPI rate +0.1%	22,518	17,769

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

32. PENSION COMMITMENTS (CONTINUED)

SHARE OF SCHEME ASSETS

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

	2021 £	2020 £
Equities	5,532,000	3,636,000
Property	380,000	318,000
Cash and other liquid assets	185,000	129,000
Other bonds	2,141,000	1,664,000
Other	2,630,000	1,815,000
Total market value of assets	10,868,000	7,562,000

The actual return on scheme assets was £1,271,000 (2020 - £106,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2021 £	2020 £
Current service cost	(1,883,000)	(1,548,000)
Interest income	126,000	103,000
Interest cost	(463,000)	(401,000)
Total amount recognised in the statement of financial activities	(2,220,000)	(1,846,000)

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

	2021 £	2020 £
At 1 September	24,800,000	11,714,000
Current service cost	1,883,000	1,548,000
Interest cost	463,000	401,000
Employee contributions	280,000	227,000
Actuarial losses/(gains)	3,309,000	(608,000)
Benefits paid	(450,000)	(294,000)
Losses on curtailments	-	57,000
Past service costs	455,000	6,000
Business combinations	1,952,000	11,749,000
At 31 August	32,692,000	24,800,000

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**NOTES TO THE FINANCIAL STATEMENTS
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32. PENSION COMMITMENTS (CONTINUED)

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

	2021	2020
	£	£
At 1 September	7,562,000	3,480,000
Interest income	155,000	127,000
Actuarial gains/(losses)	1,116,000	(404,000)
Employer contributions	1,444,000	966,000
Employee contributions	280,000	227,000
Benefits paid	(450,000)	(294,000)
Administration expense	(29,000)	(24,000)
Business combinations	790,000	3,484,000
At 31 August	10,868,000	7,562,000

33. OPERATING LEASE COMMITMENTS

At 31 August 2021 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£	£
Not later than 1 year	228,565	120,669
Later than 1 year and not later than 5 years	273,945	207,493
	502,510	328,162

34. 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.

35. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust 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 the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Academy Trust 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 Trust. The value of purchases in the year was £9,136 (2020: £NIL), with a balance outstanding at the year end of £NIL (2020: £NIL).

The Academy Trust paid expenses of £735 during the year to the Lichfield Diocese. The nature of this expenditure was for support services that were part of a diocesan service agreement. The Lichfield Diocese is connected by virtue of the Church of England Central Educational Trust being a member of the Marches Academy Trust. The balance outstanding at the year end was £NIL (2020: £NIL).

In the prior year, legal and administrative expenses of £1,575 were paid by the Marches Academy Trust on behalf of the Lichfield Diocese. These costs were incurred in respect of Oakmeadow C of E Primary and Nursery School joining the Trust in the 2020 financial year.

36. AGENCY ARRANGEMENTS

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2021 the Trust brought forward funds of £NIL (2020: £23,008), received £18,243 (2020: £38,965) and disbursed £17,727 (2020: £61,973) from the fund. An amount of £516 (2020: £NIL) is included in other creditors relating to undistributed funds that is to be carried forward for distribution in the following accounting period.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

37. TEACHING SCHOOL TRADING ACCOUNT

	2021	2020
	£	£
Income		
Direct income	(972,653)	(1,034,504)
TOTAL INCOME	972,653	1,034,504
Expenditure		
DIRECT EXPENDITURE		
Direct staff costs	202,158	176,757
Other direct costs	396,144	364,143
TOTAL DIRECT EXPENDITURE	598,302	540,900
OTHER EXPENDITURE		
Other staff costs	138,906	120,778
Other support costs	89,124	180,842
TOTAL OTHER EXPENDITURE	228,030	301,620
TOTAL EXPENDITURE	826,332	842,520
Surplus from all sources	146,321	191,984
Teaching school balances brought forward	417,388	225,404
TEACHING SCHOOL BALANCES AT 31 AUGUST 2021	563,709	417,388