

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report and Governance Statement	3 - 15
Statement of Trustees' Responsibilities	18
Independent Auditors' Report on the Financial Statements	19 - 22
Independent Reporting Accountant's Report on Regularity	23 - 24
Statement of Financial Activities Incorporating Income and Expenditure Account	25 - 26
Balance Sheet	27 - 28
Statement of Cash Flows	29
Notes to the Financial Statements	30 - 62

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) Mr A Walpole
Trustees	Mrs C Bennett ^{1,3} Mrs A Cattermole (appointed 27 September 2021) ^{1,3} Mr S Cowper ^{1,2} Mrs P Edwards ² Ms S Finch, CEO ^{2,3} Mr A Fry, Chair ³ Mr M Liquorish ^{2,3} Mr A Walpole ^{1,2,3} 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
Accounting officer	Ms S Finch

MARCHES ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Senior leadership team

Ms S Finch, CEO
Mr D O'Toole, Deputy CEO (resigned 31 August 2022)
Mr G Bridges, Chief Financial & Operating Officer (resigned 30 November 2022)
Mrs C Prestley-Bird, Executive Director of People & Development
Mrs C Whelan, Executive Director of Education
Mrs C Turner, Executive Director of Education (appointed 1 September 2022)
Mrs A Pearson, Executive Director of Education (appointed 1 September 2022)

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
15th Floor
103 Colmore Row
Birmingham
B3 3AG

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2022. 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 for pupils aged 2 to 18 in Shropshire. Its schools had a combined pupils 5,063 on roll in 2021/22.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of Marches Academy Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company operates as The Marches Academy Trust and under the names of its schools and Teaching School; The Marches School, Sir John Talbots School, The Grove School, Shrewsbury Academy, Tilstock C of E Primary School & Nursery, Lower Heath C of E Primary School & Nursery, Longlands Primary School, Grange Primary School, Oakmeadow C of E Primary School, Woodlands School, The 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.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £10,000,000

Method of recruitment and appointment or election of Trustees

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

- up to 6 Trustees who are appointed by the members
- up to 2 Trustees who are appointed by the Trustees
- up to 2 Trustees who are appointed by the Diocesan Board of Education
- the CEO who is treated for all purposes as being an ex officio Trustee.

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.

The Diocese of Lichfield is empowered under article 50AA to appoint Trustees.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

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.

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 Trust Schools and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

The Clerk to Trustees has developed a programme of masterclass training sessions for Trustees and Governors which are held throughout the year, delivered online and record to enable new Trustees to recap on past session. Masterclasses have included sessions on Finance, The Academies Handbook, Safeguarding and understanding data.

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 Trusteeship, 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 meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, it monitors on-going site and premises issues.
- Audit Committee – this committee is responsible for compliance with reporting and regulatory requirements and reporting, receiving reports from the internal audit and risk management.
- Educational Standards Committee - this meets twice a term to monitor, evaluate and review Trust policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

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 Chair and/or Vice Chair, 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 who is supported by the Executive Leadership Group (ELG). The ELG comprises the Chief Executive Officer, Chief Financial and Operating Officer, Executive Director of Education, Executive Director of People and Development, and two Associate Executive Directors of Education. The ELG implement the policies laid down by the Trustees and report back to them on performance. Day to day management and operation of the Schools is delegated to Headteachers.

The Chief Executive Officer is the Accounting Officer.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Arrangements for setting pay and remuneration of key management personnel

The Trustees consider the Board of Trustees and the executive leadership team the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year (excluding the Trust's CEO whose remuneration is disclosed in note 14 of the financial statements).

In the year, the trustees have undertaken a detailed review of Executive remuneration both by carrying out a benchmarking exercise against other Academy Trusts of a similar size and have also received support from an external consultancy to review pay levels.

Trade union facility time

There were no relevant union officials for the year/period ended 31 August 2022.

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 Trust.

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
- Regular updates to all staff, via weekly and termly updates and newsletters
- Annual staff survey

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

At Marches Academy Trust we aim to set the best for, and from each student. We intend to enable each student to realise their 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 feel supported in a happy and caring environment.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Objectives, Strategies and Activities

The Trust strategic plan to 2025 sets out the following key objectives:

People First

- The Trust will have a talent pathway which grows our own engaged workforce and supports succession planning.
- Staff will have a clear sense of purpose, a strong sense of belonging and an appreciation of everyone's unique contribution to the Trust. All staff will be able to identify the standards of excellence that pertain to their role, the professional development they have had and the next steps they will be undertaking.
- To be a national and international lead in leadership programmes with Trust, National and International learning conferences.
- Trust professional learning programme will be underpinned by research-based study.

Learning for Life

- To ensure all learning is accessible anytime, anywhere. Creating opportunities beyond the classroom.
- To build a trust-wide inclusive education curriculum vision that reflects the 0-19 journey.
- Build a dynamic and flexible, multi-skilled workforce with an ethic of excellence understanding the Marches Academy Trust way.
- We will ensure that all staff have opportunity to research and develop in their understanding of teaching and learning so that there is an expert understanding of pedagogy, skill, knowledge to secure learning at every level with contributions at local and national level.
- Create a process for the identification, quality assurance and training of enablers of excellence in learning and teaching.

Connecting with our community

- We will have a realised growth plan, underpinned by the infrastructure and capacity required to ensure existing schools continue to flourish and those joining are able to benefit from the opportunities the Trust provides.
- We will have robust procedures, so the Trust remains sustainable.
- We will be recognised throughout the world for our creative, intersectional curriculum and innovative practice.

Sustainable future

- We will have a school estate which is fit for the needs of the curriculum, providing a safe and secure learning environment which also minimises the environmental impact through energy efficiency and clean energy sources.
- Finances will be secure and income streams diversified to provide greater security against funding fluctuations.
- Trust Shared Services will deliver value for money solutions and schools will recognise the value provided.
- The Marches Academy Trust will be a centre of excellence in the investment of emotional health, wellbeing and equal opportunities for our staff.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

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 Academy's aims and objectives and in planning its future activities.

The Trust aims to advance for the public benefit, education in Shropshire and the surrounding areas. In particular, but without prejudice to the generality of the foregoing by maintaining, managing and developing schools and by offering a broad curriculum.

The Trust's schools 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 community.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Trust continues to go from strength to strength, in the year numbers on roll across the Trust as a whole have grown from 4,977 in 2020/21 to 5,063 in 2022/23. Growth has been particularly strong in our secondary schools, especially at The Grove School and Shrewsbury Academy. This reflects the growing reputation in these schools for improved educational outcomes and the work schools have done to build stronger links in their communities. Numbers on roll have fallen in the year at Grange Primary School and Longlands School and the Trust is working closely with these schools to proactively increase pupil recruitment.

As the country emerges from the Covid pandemic, the Trust and its schools have been able to return to its strong extra-curricular programme of trips and visits. Primary School residential trips have re-commenced and the secondary schools are planning a number of overseas trips for 2022/23. The enrichment programmes offered by our schools is key to the delivery of successful outcomes and recruitment of pupils.

GCSE results achieved in summer 2022 show a strong and improving performance across the Trust. The table below demonstrates the proportion of students achieving 5 standard passes including English and Maths compared to 2019:

	2022	2019
The Marches School	64.80%	61.30%
Sir John Talbot's School	63.40%	59.50%
Grove School	66.10%	55.10%
Shrewsbury Academy	45.30%	32.50%

High standards have continued to be maintained at The Marches School and Sir John Talbot's school in spite of the significant disruption to learning caused by the pandemic. Strong progress has also been made at Grove School and Shrewsbury Academy, the latter having joined the Trust in September 2019.

During the year, the facilities our schools offer have been enhanced with a new reception area, fitness suite and sixth form space at The Marches School, enhancements to windows, lighting, roofing, toilets and the internal environment at Grove School, replacement toilets at Shrewsbury Academy and Sir John Talbot's school, enhancements to external play spaces at Oakmeadow and Grange Primary, re-modelled reception and enhanced internal environment at Woodlands school and replacement roofing and doors at Tilstock and Lower Heath.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

A significant re-development project is also planned for 2022/23 and 2023/24 at Shrewsbury Academy. This project will be funded and delivered by Department for Education and will ensure the school site has the space to meet the School's published capacity and provide modern, facilities for the school and a new library. We are currently awaiting planning consents before the project can commence. Large scale redevelopment of Shrewsbury Academy was one of the Trust's key requirements from DfE when agreeing the re-brokerage of the school to the Trust in 2019.

During the year, Tilstock Primary School received an Ofsted inspection and was graded Good in all aspects. One especially pleasing aspect of the report was the strength of connection between school and its community with inspectors noting "Parents are overwhelmingly positive about the school. Many parents consider that the school helps pupils grow socially and emotionally as well as academically. Parents of pupils with SEND say their children are well supported". This is a significant achievement for Tilstock which joined the Trust in December 2017 having been placed in special measures. It is further evidence of the impact the Trust has on schools and its communities. We are anticipating Ofsted visits to more of our schools in 2022/23.

Key Performance Indicators

The Trust has a number of key performance indicators used to monitor the performance of its schools. These are recorded in Trust's School Overview File and reported to Local Governing Bodies and Trustees through the Educational Standards Committee.

The main key financial performance indicator is the level of reserves at the balance sheet date. In the period under review, unrestricted reserves totalled £960,485 and restricted reserves (excluding the pension deficit) were £36,951,541.

Going Concern

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

FINANCIAL REVIEW

Most of the Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2022 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, some Trust Schools invested some of their reserve balances in the improvement of facilities to enable and improved environment and spaces for learning. In addition, funds from the Trust central reserve were invested in improving educational outcomes and development of Trust wide system, this included additional short-term staffing support for schools that required greater resource, investment in headteacher and staff CPD, the redesign of the Trust website, developments within Trust HR systems and the delivery of a Trust wide project to improve Equality, Diversity and Belonging. These projects provided a positive shift in key Trust priorities and were non-recurring in nature. We therefore anticipate Trust central reserves will hold at their current level in 2022/23 onwards.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 29 to the financial statements.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

The Trust has achieved an in year revenue surplus of £154,357 and capital surplus of £856,725. Total movement in capital and revenue funds was £1,011,082 (2020/2021: £1,544,805). The total movement in funds was £13,154,082 which includes the actuarial gain on the LGPS scheme of £13,609,000.

Net current assets have decreased to £2,443,777 largely due to the decrease in cash as a result of capital additions funded by cash of £3,713,539 in the year. These capital additions have been undertaken to support the Trust's growth and future plans across its schools.

In light of the challenging times that the sector faces, the Trust is continuing to review its financial position and is reforecasting in year budgets on a regular basis. The Trust's cashflow is considered in all decisions to ensure the Trust's stability going forward. Utilising the Trust's buying power and strong supplier relationships, procurement savings and purchasing efficiencies are to be a priority for 2022/23.

Reserves Policy

As a charitable organisation, the Trust should have a reserves policy which considers the need to hold surplus funds in reserve and the appropriate level of reserves. The Trust Board is responsible for the efficient and effective use of financial resources and ensuring the Trust remains financially viable. There is a fine balancing act to ensure that the Trust has sufficient reserves to cope with unforeseen circumstances and working capital requirements against the desire to spend the maximum sums to impact upon pupil outcomes.

Reserves will be considered on a school-by-school basis and at Trust level. Schools should ensure that sufficient reserves are in place to achieve a balanced budget over a 3-year period. Investment of reserves should be considered in the context of each school, its needs and priorities within its development plan. Investment of reserves should not create any additional recurring costs such as permanent staffing contracts.

Taking into account the future plans of the Trust, the Trustees review the Trust's reserves on a regular basis. This is to not only ensure the sustainability of the Trust but also to ensure the funds are in place to meet the Trust's objectives, commitments and growth plans. Consideration is also given to those future income streams that may remain uncertain as well as expenditure items that are expectant to increase at a greater rate to that of income.

The net movement in funds was £13,154,082. Excluding actuarial pension movements, the net movement in funds was £1,011,082.

The Trust's free reserves as at 31 August 2022 is £1,838,826 (2021: £2,099,963) and are available for general purposes of the Trust. Restricted funds excluding the pension reserves is £878,341 (2021: £1,206,336). This has decreased in the year as a result of our schools spending in excess of £400,000 on capital improvements from their reserves. In total the revenue reserves of the Trust are £1,838,286 (2021: £2,099,963).

At 31 August 2022 the net book value of the Trust's fixed assets was £35,622,996 (2021: £32,989,559) as shown in note 16 of the financial statements. The assets held by the Trust are exclusively used for providing education and support services as outlined in the Trust's objectives.

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 requirement are invested to optimal effect. On a daily basis this is achieved by an automatic transfer of surplus funds to overnight deposit.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The Audit and Risk committee is responsible for reviewing the major risks to which the Trust is exposed together with the controls that have been put in place to mitigate those risks.

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

Financial – The Academy Trust is reliant on continued government funding provided via the Education and Skills Funding Agency. In the last year, 95% of the Trust's incoming resources were government funded. The recent budget suggests that schools will receive increased funding levels in 2023/24 and 2024/25 which will be required to meet the inflationary cost pressures experienced in respect to energy and payroll costs.

Reputational – The continuing success of the Trust and its Schools are dependent on continuing to attract applicants in sufficient numbers by maintaining high educational standards and ensuring strong links with the communities we serve. To mitigate this risk Trustees place a key emphasis on monitoring educational outcomes and the Trust has an in house quality assurance team to help schools in maintaining the highest quality standards.

Safeguarding and child protection – The Trust recognised the risk of safeguarding and child protection issues. This is mitigated by ensuring all staff appointments follow a thorough vetting procedure, all staff are training in safeguarding and child protection policies and receive an update at least annually. The audit committee programme of works includes a review of safeguarding arrangements.

Staffing – The success of the Trust is reliant on the quality of staff it is able to attract and retain. The Trustees monitor and review all staffing policies and procedures. The Trust also undertakes an annual staff survey with results and actions reviewed by Trustees. The Trust strategic plan identifies 'People First' as one of its priorities.

Fraud & Cyber security – The Trust recognises risk from fraudulent actions. In the year, all shared services staff received a briefing on cyber security and common frauds. The Trust has improved its backup arrangements during the year to ensure it has mitigated some of this risk. The Trust received a visit from DfE counter fraud risk management team during the year, no fraud was identified. The Trust also buy in support from an internal audit service to review controls in this area.

The Academy has agreed a Risk Register and this has been discussed by Trustees and include the financial risks to the Academy. The register and plan are regularly reviewed in light of any new information and formally reviewed annually. The risk register drives the programme of internal audit assurance work carried out by the Audit Committee each year.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 29 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

UK Greenhouse gas emissions and energy use data for the year 1 September 2021 to 31 August 2022	
Energy consumption used to calculate emissions (kWh)	
Energy consumption break down (kWh) (optional)	
• gas	4,157,062
• electricity,	1,639,683
• transport fuel	
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	883
Owned transport – mini-buses	
<u>Total scope 1</u>	
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	300
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel in employee owned vehicles	
Total gross emissions in metric tonnes CO2e	1,183
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.23

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 energy efficient lighting across our sites and have installed new boilers in a number of schools replacing old, inefficient boilers. We have installed new windows to improve thermal efficiency in a number of our schools this year.

FUNDRAISING

The Trust does not use any external fundraisers.

PLANS FOR FUTURE PERIODS

The Trust will continue to strive to provide outstanding education and improve the outcomes for students across its Schools.

The Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives, the Trust strategic plan identifies the actions which will be taken to ensure high quality recruitment and retention practices.

The Trust Strategic plan, published on our website details the actions planned under the 4 strands of our strategy, People First, Learning For Life, Connecting with our Community and Sustainable Future.

**MARCHES ACADEMY TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

Further development of our school sites and facilities is anticipated. We are currently awaiting a planning outcome on the proposal to re-develop the Corndon Crescent site at Shrewsbury Academy. Subject to planning, works are due to commence in Spring 2023 and complete in Autumn 2024. The project will be funded and delivered by Department for Education.

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 Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on ...16-12-2022..... and signed on its behalf by:



Mr A Fry
Chair of Trustees

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022

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. The CEO, as Accounting Officer is 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 8 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	7	8
Angela Cattermole	6	8
Stuart Cowper	7	8
Pam Edwards	8	8
Alex Fry	8	8
Mark Liquorish	8	8
Sarah Finch	8	8
Arthur Walpole	8	8

The Finance and Operations Committee is a sub-committee of the main Board of Trustees. Its purpose is to oversee the financial and operational performance of the Trust

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Catherine Bennett	5	5
Angela Cattermole	4	5
Stuart Cowper	5	5
Pam Edwards	5	5
Alex Fry	5	5
Mark Liquorish	5	5
Sarah Finch	5	5
Arthur Walpole	5	5

GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

The Audit & Risk 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	5
Angela Cattermole	4	5
Stuart Cowper	5	5
Pam Edwards	5	5
Alex Fry	5	5
Mark Liquorish	5	5
Sarah Finch	4	5
Arthur Walpole	5	5

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, communication, target setting and assessment, examination and all pastoral issues. The committee also monitors staffing, performance management and pay progression.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Catherine Bennett	6	6
Angela Cattermole	5	6
Stuart Cowper	5	6
Pam Edwards	6	6
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 Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

Review of staffing structures – The Trust continues to maintain a keen focus on the staffing structures in its central service and across its schools. In the year, work has been undertaken to review the use of teaching assistants in a number of our primary schools to ensure resources are allocated effectively.

Tendering of outsourced catering provision- A tender exercise commenced in 2021/22 to consider the Trust wide requirements for its catering contracts as all schools were using legacy local authority providers and costs were increasing. The tender exercise reduced overall costs for schools providing a guaranteed financial return over the contract term. The new provider commenced service in November 2022.

GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Development of in-house IT service – A review of IT services across the Trust identified that schools were all on different systems and networks with multiple providers. A solution was explored with an external provider to consolidate but after a short trial an in-house solution was developed providing a more efficient, responsive service to Trust schools at a lower cost.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that have been in place for the period from 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- 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
- Delegation of authority and segregation of duties
- Identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and decided to appoint Academy Advisory as an internal auditor as well as undertaking specific programmes of internal assurance carried out by staff across the Trust and other external experts. In the year, this included a School level Health and Safety Audit carried out by the Trust Health and Safety Lead, a School level Single Central Record audit carried out by the HR Operations Manager, fire risk assessment audits undertaken by MAGG group and counter fraud risk management audit undertaken by Department for Education.

Reports of outcomes and recommendations from these audits were reported to Trustees at Audit & Risk committee.

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

**GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

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 & risk 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 & Risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



Mr A Fry
Chair of Trustees



Ms S Finch
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Marches Academy Trust I have considered my responsibility to notify the Academy 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: 16-12-2022

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2022**

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 year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- 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: 16-12-2022

**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 2022 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 2019 and the Academies Accounts Direction 2021 to 2022 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 2022 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 2021 to 2022 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.

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

**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;
- 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 Trust 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.

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

**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.

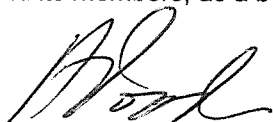
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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: *21st December 2022*

**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 8 November 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, 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 2021 to 31 August 2022 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 Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 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.

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

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

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT REPORTING 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 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



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

Date: *21st December 2022*

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:						
Donations and capital grants:	4					
Transfer in from Local Authority on conversion to an Academy Trust		-	-	-	-	(732,000)
Other donations and capital grants		82,729	-	2,068,014	2,150,743	2,248,410
Other trading activities	6	121,733	-	-	121,733	88,895
Investments	7	254	-	-	254	6,844
Charitable activities	5	1,204,016	30,693,967	-	31,897,983	29,927,313
Teaching school hub		-	-	-	-	972,653
Other income	8	583,009	-	-	583,009	317,180
Total income		1,991,741	30,693,967	2,068,014	34,753,722	32,829,295
Expenditure on:						
Charitable activities	9	1,924,883	32,072,469	1,211,288	35,208,640	32,851,158
Teaching schools		-	-	-	-	826,332
Total expenditure		1,924,883	32,072,469	1,211,288	35,208,640	33,677,490
NET INCOME/ (EXPENDITURE)		66,858	(1,378,502)	856,726	(454,918)	(848,195)
Transfers between funds	22	-	(415,493)	415,493	-	-
Net movement in funds before other recognised gains/(losses)		66,858	(1,793,995)	1,272,219	(454,918)	(848,195)
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	29	-	13,609,000	-	13,609,000	(2,193,000)
Net movement in funds		66,858	11,815,005	1,272,219	13,154,082	(3,041,195)

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Reconciliation of funds:					
Total funds brought forward	893,627	(20,617,664)	34,800,981	15,076,944	18,118,139
Net movement in funds	66,858	11,815,005	1,272,219	13,154,082	(3,041,195)
Total funds carried forward	960,485	(8,802,659)	36,073,200	28,231,026	15,076,944

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

The notes on pages 30 to 62 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	16	35,622,996	32,989,559
		<u>35,622,996</u>	<u>32,989,559</u>
CURRENT ASSETS			
Stocks	17	773	773
Debtors	18	1,802,836	1,314,525
Cash at bank and in hand		3,615,134	5,101,701
		<u>5,418,743</u>	<u>6,416,999</u>
Creditors: amounts falling due within one year	19	(2,974,966)	(2,420,063)
Net current assets		<u>2,443,777</u>	<u>3,996,936</u>
Total assets less current liabilities		<u>38,066,773</u>	<u>36,986,495</u>
Creditors: amounts falling due after more than one year	20	(154,747)	(85,551)
Net assets excluding pension liability		<u>37,912,026</u>	<u>36,900,944</u>
Defined benefit pension scheme liability	29	(9,681,000)	(21,824,000)
Total net assets		<u><u>28,231,026</u></u>	<u><u>15,076,944</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	22	36,073,200	34,800,981
Restricted income funds	22	878,341	1,206,336
		<u>36,951,541</u>	<u>36,007,317</u>
Restricted funds excluding pension liability	22	36,951,541	36,007,317
Pension reserve	22	(9,681,000)	(21,824,000)
Total restricted funds	22	<u>27,270,541</u>	<u>14,183,317</u>
Unrestricted income funds	22	<u>960,485</u>	<u>893,627</u>
Total funds		<u><u>28,231,026</u></u>	<u><u>15,076,944</u></u>

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2022

The financial statements on pages 25 to 62 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Mr A Fry
Chair of Trustees
Date: 16-12-2022

The notes on pages 30 to 62 form part of these financial statements.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	24	(3,914,132)	227,327
Cash flows from investing activities	26	2,350,533	1,103,568
Cash flows from financing activities	25	77,032	2,097
Change in cash and cash equivalents in the year		(1,486,567)	1,332,992
Cash and cash equivalents at the beginning of the year		5,101,701	3,768,709
Cash and cash equivalents at the end of the year	27, 28	3,615,134	5,101,701

The notes on pages 30 to 62 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 2022**

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 2021 to 2022 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.

2.3 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. ACCOUNTING POLICIES (continued)

2.3 INCOME (CONTINUED)

- **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.

2.4 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 on charitable activities is made up of the total of direct costs and shared costs, including support costs involved in undertaking charitable activities. 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. ACCOUNTING POLICIES (continued)

2.6 TAXATION

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

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

2.7 TANGIBLE FIXED ASSETS

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. ACCOUNTING POLICIES (continued)

2.7 TANGIBLE FIXED ASSETS (CONTINUED)

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

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

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

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

2.8 STOCKS

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

2.9 DEBTORS

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. ACCOUNTING POLICIES (continued)

2.12 FINANCIAL INSTRUMENTS

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

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

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.

2.14 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. ACCOUNTING POLICIES (continued)

2.15 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use a percentage of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds, received and paid are disclosed in note 33.

2.16 FUND ACCOUNTING

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 29, 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 2022. 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.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

4. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Transfer in from Local Authority on conversion to an Academy Trust	-	-	-	-	(732,000)
	-	-	-	-	(732,000)
Donations	82,729	-	755,592	838,321	197,360
Capital Grants	-	-	1,312,422	1,312,422	2,051,050
	82,729	-	2,068,014	2,150,743	2,248,410
TOTAL 2022	82,729	-	2,068,014	2,150,743	1,516,410
TOTAL 2021	62,210	(1,162,000)	2,616,200	1,516,410	

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

5. FUNDING FOR THE ACADEMY TRUST'S CHARITABLE ACTIVITIES

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
EDUCATION				
DFE/ESFA GRANTS				
General Annual Grant	-	26,189,796	26,189,796	24,145,633
OTHER DFE/ESFA GRANTS				
Start up grants	-	-	-	21,000
Universal Infant Free School Meals	-	48,141	48,141	146,128
Pupil Premium	-	1,321,132	1,321,132	1,317,656
Other government grants: non capital	20,375	1,529,165	1,549,540	1,719,964
	<u>20,375</u>	<u>29,088,234</u>	<u>29,108,609</u>	<u>27,350,381</u>
OTHER GOVERNMENT GRANTS				
High Needs	-	1,541,589	1,541,589	1,001,512
Other Local Authority grants	268,856	64,144	333,000	689,662
	<u>268,856</u>	<u>1,605,733</u>	<u>1,874,589</u>	<u>1,691,174</u>
COVID-19 ADDITIONAL FUNDING (DFE/ESFA)				
Catch Up Funding	-	-	-	374,160
Other DfE/ESFA COVID-19 funding	-	-	-	177,530
	<u>-</u>	<u>-</u>	<u>-</u>	<u>551,690</u>
OTHER FUNDING				
Internal catering income	5,586	-	5,586	66,230
Income for hosting trainee teachers	12,420	-	12,420	11,800
Sales to students	23,017	-	23,017	17,992
Nursery income	66,767	-	66,767	170,626
Transport income	90,866	-	90,866	67,420
Teacher training and courses	552,868	-	552,868	-
Outreach income	163,261	-	163,261	-
	<u>914,785</u>	<u>-</u>	<u>914,785</u>	<u>334,068</u>
TOTAL EDUCATION	<u>1,204,016</u>	<u>30,693,967</u>	<u>31,897,983</u>	<u>29,927,313</u>
	<u>1,204,016</u>	<u>30,693,967</u>	<u>31,897,983</u>	<u>29,927,313</u>
TOTAL 2021	<u>334,068</u>	<u>29,593,245</u>	<u>29,927,313</u>	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Lettings	121,733	121,733	88,895
TOTAL 2021	88,895	88,895	

7. INVESTMENT INCOME

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Bank interest	254	254	6,844
TOTAL 2021	6,844	6,844	

8. OTHER INCOMING RESOURCES

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Other income	583,009	583,009	317,180
TOTAL 2021	317,180	317,180	

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

9. EXPENDITURE

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £	Total 2021 £
EDUCATION:					
Direct costs	18,574,449	644,929	1,326,958	20,546,336	20,192,797
Support costs	8,666,417	3,058,433	2,937,454	14,662,304	12,658,361
Teaching school hub	-	-	-	-	826,332
TOTAL 2022	<u>27,240,866</u>	<u>3,703,362</u>	<u>4,264,412</u>	<u>35,208,640</u>	<u>33,677,490</u>
TOTAL 2021	<u>26,127,051</u>	<u>3,182,857</u>	<u>4,367,582</u>	<u>33,677,490</u>	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Education	<u>20,546,336</u>	<u>14,662,304</u>	<u>35,208,640</u>	<u>32,851,158</u>
TOTAL 2021	<u>20,192,797</u>	<u>12,658,361</u>	<u>32,851,158</u>	

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF DIRECT COSTS

	Total funds 2022 £	Total funds 2021 £
Pension finance costs	16,000	63,000
Staff costs	17,893,375	18,051,321
Depreciation	644,929	554,892
Educational supplies	822,672	672,690
Examination fees	302,355	260,824
Staff development	133,990	91,339
Other costs	39,620	12,662
Supply teachers	681,074	474,195
Educational consultancy	12,321	11,874
	<u>20,546,336</u>	<u>20,192,797</u>

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF SUPPORT COSTS

	Total funds 2022 £	Total funds 2021 £
Pension finance costs	376,000	274,000
Staff costs	8,666,417	7,260,471
Depreciation	566,359	490,416
Educational supplies	17,818	26,467
Other costs	261,470	384,489
Recruitment and support	99,645	101,365
Maintenance of premises and equipment	649,593	602,070
Cleaning	633,538	627,033
Rent and rates	288,646	277,516
Energy costs	480,401	444,199
Insurance	188,885	210,085
Security and transport	354,096	186,731
Catering	449,629	589,118
Technology costs	390,202	512,275
Telephone, printing, postage and stationery	357,167	303,864
Professional services	589,637	322,950
Bank interest and charges	2,777	6,067
Legal costs - other	2,245	-
Legal costs - conversion	-	14,250
Teacher training and courses	245,387	-
Governance	42,392	24,995
	14,662,304	12,658,361

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2022 £	2021 £
Operating lease rentals	217,736	225,578
Depreciation of tangible fixed assets	1,211,287	1,045,308
Fees paid to auditors for:		
- audit	23,215	21,800
- other services	1,995	3,115

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

12. STAFF

a. STAFF COSTS

Staff costs during the year were as follows:

	2022	2021
	£	£
Wages and salaries	19,066,105	18,233,125
Social security costs	1,910,998	1,780,944
Pension costs	5,478,528	5,386,130
	26,455,631	25,400,199
Agency staff costs	681,074	474,195
Staff restructuring costs	104,161	252,657
	27,240,866	26,127,051

Staff restructuring costs comprise:

	2022	2021
	£	£
Redundancy payments	104,161	252,657
	104,161	252,657

b. STAFF NUMBERS

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

	2022	2021
	No.	No.
Teachers	321	306
Administration and support	368	350
Management	15	14
	704	670

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

12. STAFF (CONTINUED)

b. STAFF NUMBERS (CONTINUED)

The average headcount expressed as full-time equivalents was:

	2022	2021
	No.	No.
Teachers	304	284
Administration and support	252	237
Management	15	14
	571	535

c. HIGHER PAID STAFF

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

	2022	2021
	No.	No.
In the band £60,001 - £70,000	12	15
In the band £70,001 - £80,000	4	2
In the band £80,001 - £90,000	2	2
In the band £90,001 - £100,000	4	1
In the band £100,001 - £110,000	1	2
In the band £140,000 - £150,000	1	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 £677,004 (2021: £673,429).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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:

	2022 £	2021 £
The Marches School	386,206	361,622
Sir John Talbot's School	208,043	178,988
Tilstock C of E Primary School	20,266	18,430
The Grove School	223,201	206,368
Lower Heath C of E Primary School	22,983	22,069
Grange Primary School	49,938	48,239
Shrewsbury Academy	231,891	231,233
Longlands Primary School	47,990	43,526
Oakmeadow C of E Primary and Nursery School	81,301	74,050
Woodlands School	41,500	-
TOTAL	1,313,319	1,184,525

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:

		2022 £	2021 £
Ms S Finch, CEO	Remuneration	145,000 - 150,000	145,000 - 150,000
	Pension contributions paid	5,000 - 10,000	30,000 - 35,000

During the year ended 31 August 2022, expenses totalling £510 were reimbursed or paid directly to Trustees (2021: £NIL to Trustees).

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 £	Assets under construction £	Furniture and equipment £	Computer equipment £	Total £
COST OR VALUATION					
At 1 September 2021	37,582,386	-	36,144	665,557	38,284,087
Additions	3,857,278	464,226	22,734	124,893	4,469,131
Disposals	(4,751,396)	-	-	-	(4,751,396)
At 31 August 2022	36,688,268	464,226	58,878	790,450	38,001,822
DEPRECIATION					
At 1 September 2021	4,834,285	-	28,358	431,885	5,294,528
Charge for the year	1,098,123	-	3,336	109,828	1,211,287
On disposals	(4,126,989)	-	-	-	(4,126,989)
At 31 August 2022	1,805,419	-	31,694	541,713	2,378,826
NET BOOK VALUE					
At 31 August 2022	34,882,849	464,226	27,184	248,737	35,622,996
At 31 August 2021	32,748,101	-	7,786	233,672	32,989,559

During the year, the Sundorne Infants site was received from the Local Authority for an estimated value of £1,300,000 in return of the Worcester Road site which was held by the Trust at a net book value of £624,408. The corresponding net gain of £675,592 has been recorded as donation income during the year in line with the Academies Accounts Direction.

17. STOCKS

	2022 £	2021 £
Uniforms	773	773

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

18. DEBTORS

	2022	2021
	£	£
DUE WITHIN ONE YEAR		
Trade debtors	382,802	159,372
Other debtors	34,692	13,217
Prepayments and accrued income	954,755	753,450
VAT recoverable	430,587	388,486
	1,802,836	1,314,525

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
ESFA loans	38,999	31,163
Trade creditors	1,163,337	993,057
Other taxation and social security	425,456	476,940
Other creditors	645,407	525,767
Accruals and deferred income	701,767	393,136
	2,974,966	2,420,063

	2022	2021
	£	£
Deferred income at 1 September 2021	123,395	210,072
Resources deferred during the year	154,591	123,395
Amounts released from previous periods	(123,395)	(210,072)
	154,591	123,395

At the year end £Nil (2021: £123,395) was deferred in respect of teaching school income received in advance.

At the year end £154,591 (2021: £Nil) was deferred in respect to 2022/23 allocations for Rates Relief, Universal Infant Free School Meals and Early Years income.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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

	2022 £	2021 £
ESFA loans	154,747	85,551

Included in ESFA loans is a balance due at 31 August 2022 of £193,746 (2021: £116,714), of which £38,999 (2021: £31,163) is repayable within one year and is shown in note 19. The balance of £154,747 (2021: £85,551) is due in more than one year. The loans are repayable in equal installments over a maximum period of 6 years. The interest rate on the loan is NIL%.

21. FINANCIAL INSTRUMENTS

	2022 £	2021 £
FINANCIAL ASSETS		
Financial assets measured at amortised cost	4,469,727	5,687,654

	2022 £	2021 £
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	1,734,803	1,344,900

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.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

22. STATEMENT OF FUNDS

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
UNRESTRICTED FUNDS						
General Funds	893,627	1,991,741	(1,924,883)	-	-	960,485
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	1,206,336	26,189,796	(26,102,298)	(415,493)	-	878,341
High Needs funding	-	1,541,589	(1,541,589)	-	-	-
Pupil Premium (PP)	-	1,321,132	(1,321,132)	-	-	-
Other grants	-	1,641,450	(1,641,450)	-	-	-
Pension reserve	(21,824,000)	-	(1,466,000)	-	13,609,000	(9,681,000)
	<u>(20,617,664)</u>	<u>30,693,967</u>	<u>(32,072,469)</u>	<u>(415,493)</u>	<u>13,609,000</u>	<u>(8,802,659)</u>

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

22. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	20,771,476	80,000	(439,249)	-	-	20,412,227
Fixed assets purchased from GAG and other restricted funds	30,944	-	(19,430)	723,323	-	734,837
ESFA Capital Grants	6,420,189	1,192,569	(531,800)	(220,864)	-	6,860,094
Devolved Formula Capital (DFC)	527,235	119,853	(55,236)	(86,966)	-	504,886
Building refurbishment grant	96,300	-	(3,128)	-	-	93,172
Fixed Assets purchased from General Funds	113,840	-	(5,415)	-	-	108,425
Transferred from a previous MAT	6,768,357	675,592	(152,658)	-	-	7,291,291
EIG grants	72,640	-	(4,372)	-	-	68,268
	<u>34,800,981</u>	<u>2,068,014</u>	<u>(1,211,288)</u>	<u>415,493</u>	<u>-</u>	<u>36,073,200</u>
TOTAL RESTRICTED FUNDS	<u>14,183,317</u>	<u>32,761,981</u>	<u>(33,283,757)</u>	<u>-</u>	<u>13,609,000</u>	<u>27,270,541</u>
TOTAL FUNDS	<u>15,076,944</u>	<u>34,753,722</u>	<u>(35,208,640)</u>	<u>-</u>	<u>13,609,000</u>	<u>28,231,026</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

22. STATEMENT OF FUNDS (CONTINUED)

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

RESTRICTED FUNDS

General Annual Grant (GAG) - income in restricted funds relates the General Grant which is provided to the School by the Education 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 2022.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

22. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains/ (Losses) £	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)
	(15,524,076)	28,431,245	(31,331,833)	(2,193,000)	(20,617,664)
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
	33,230,089	2,616,200	(1,045,308)	-	34,800,981
TOTAL RESTRICTED FUNDS	17,706,013	31,047,445	(32,377,141)	(2,193,000)	14,183,317
TOTAL FUNDS	18,118,139	32,829,295	(33,677,490)	(2,193,000)	15,076,944

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

22. STATEMENT OF FUNDS (CONTINUED)

Total funds analysis by academy

Fund balances at 31 August 2022 were allocated as follows:

	2022 £	2021 £
The Marches School	270,883	170,716
Sir John Talbot's School	(80,509)	24,670
Tilstock C of E Primary School	4,500	29,415
The Grove School	524,495	394,635
Lower Heath C of E Primary School	15,914	26,606
Shrewsbury Academy	455,299	472,930
Longlands Primary School	(29,271)	28,119
Grange Primary School	6,368	347
Oakmeadow Church of England Primary and Nursery School	186,264	220,056
Woodlands School	5,792	477
Central	479,091	731,992
Total before fixed asset funds and pension reserve	1,838,826	2,099,963
Restricted fixed asset fund	36,073,200	34,800,981
Pension reserve	(9,681,000)	(21,824,000)
TOTAL	28,231,026	15,076,944

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit £
Sir John Talbot's School	80,509
Longlands Primary School	29,271

The Academy Trust is taking the following action to return the academies to surplus:

The figures for the above two schools that have reported deficit reserves positions as at 31 August 2022 have been reviewed and reforecast to ensure that these deficits are cleared within the 2022/2023 year. This will continue to be monitored closely throughout the year.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

22. 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 2022 £	Total 2021 £
The Marches School	5,339,415	1,177,030	115,196	1,226,155	7,857,796	7,886,501
Sir John Talbot's School	2,919,260	948,635	99,406	894,795	4,862,096	4,420,104
Tilstock C of E Primary School	234,398	199,850	26,721	101,808	562,777	471,276
The Grove School	2,664,646	851,673	120,636	767,386	4,404,341	4,632,936
Lower Heath C of E Primary School	266,281	204,643	27,257	119,609	617,790	597,437
Shrewsbury Academy	2,621,421	771,606	82,083	1,216,418	4,691,528	5,274,288
Longlands Primary School	530,301	579,979	25,206	190,551	1,326,037	1,193,384
Grange Primary School	587,856	396,023	22,919	273,464	1,280,262	1,377,434
Oakmeadow Church of England Primary and Nursery School	908,679	795,706	66,607	350,123	2,121,115	2,020,890
Woodlands School	928,373	512,839	232,129	235,349	1,908,690	958,511
Central services	850,745	1,196,433	287,199	564,543	2,898,920	2,568,421
ACADEMY TRUST	17,851,375	7,634,417	1,105,359	5,940,201	32,531,352	31,401,182

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	35,622,996	35,622,996
Current assets	960,485	3,655,552	802,706	5,418,743
Creditors due within one year	-	(2,622,464)	(352,502)	(2,974,966)
Creditors due in more than one year	-	(154,747)	-	(154,747)
Provisions for liabilities and charges	-	(9,681,000)	-	(9,681,000)
TOTAL	960,485	(8,802,659)	36,073,200	28,231,026

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR 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

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

24. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net expenditure for the year (as per Statement of Financial Activities)	(454,918)	(848,195)
ADJUSTMENTS FOR:		
Depreciation	(2,915,702)	1,045,308
Capital grants from DfE and other capital income	(1,312,422)	(2,527,566)
Interest receivable	(254)	(6,844)
Defined benefit pension scheme obligation transferred	-	1,162,000
Defined benefit pension scheme cost less contributions payable	1,105,000	894,000
Defined benefit pension scheme finance cost	361,000	337,000
(Increase)/decrease in debtors	(488,311)	939,919
Increase/(decrease) in creditors	547,067	(203,145)
Tangible fixed assets transferred on joining the Trust	-	(430,000)
Donated DfE IT equipment	-	(135,150)
Donation of new site	(755,592)	-
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(3,914,132)	227,327

25. CASH FLOWS FROM FINANCING ACTIVITIES

	2022 £	2021 £
Cash inflows from ESFA loan	128,251	49,151
Repayments of ESFA loan	(51,219)	(47,054)
NET CASH PROVIDED BY FINANCING ACTIVITIES	77,032	2,097

26. CASH FLOWS FROM INVESTING ACTIVITIES

	2022 £	2021 £
Interest received	254	6,844
Purchase of tangible fixed assets less disposals	282,265	(1,430,842)
Capital grants from DfE Group	1,312,422	2,527,566
Donation of new site	755,592	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,350,533	1,103,568

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

27. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash in hand and at bank	3,615,134	5,101,701
TOTAL CASH AND CASH EQUIVALENTS	3,615,134	5,101,701

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2021 £	Cash flows £	New ESFA loan £	At 31 August 2022 £
Cash at bank and in hand	5,101,701	(1,486,567)	-	3,615,134
Debt due within 1 year	(31,163)	-	(7,836)	(38,999)
Debt due after 1 year	(85,551)	-	(69,196)	(154,747)
	<u>4,984,987</u>	<u>(1,486,567)</u>	<u>(77,032)</u>	<u>3,421,388</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

29. 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 £484,765 were payable to the schemes at 31 August 2022 (2021 - £366,881) 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 £2,941,705 (2021 - £3,139,270).

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 2022

29. 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 2022 was £1,624,000 (2021 - £1,497,237), of which employer's contributions totalled £1,320,000 (2021 - £1,217,127) and employees' contributions totalled £ 304,000 (2021 - £280,110). 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

	2022	2021
	%	%
Rate of increase in salaries	4.05	4.05
Rate of increase for pensions in payment / inflation	2.90	2.90
Discount rate for scheme liabilities	4.30	1.70
Inflation assumption (CPI)	2.80	2.80

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

	2022	2021
	Years	Years
Retiring today		
Males	22.9	23.0
Females	25.1	25.1
Retiring in 20 years		
Males	24.1	24.3
Females	26.7	26.7

SENSITIVITY ANALYSIS

	2022	2021
	£000	£000
Discount rate +0.1%	21,317	21,144
Mortality assumption - 1 year increase	22,212	22,865
CPI rate +0.1%	22,222	22,518

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

29. PENSION COMMITMENTS (CONTINUED)

SHARE OF SCHEME ASSETS

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

	At 31 August 2022	At 31 August 2021
	£	£
Equities	5,703,000	5,532,000
Property	520,000	380,000
Cash and other liquid assets	242,000	185,000
Other bonds	2,332,000	2,141,000
Other	3,287,000	2,630,000
Total market value of assets	12,084,000	10,868,000

The actual return on scheme assets was £(46,000) (2021 - £1,271,000).

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

	2022	2021
	£	£
Current service cost	(2,334,000)	(1,883,000)
Interest income	165,000	126,000
Interest cost	(557,000)	(463,000)
Total amount recognised in the statement of financial activities	(2,726,000)	(2,220,000)

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

	2022	2021
	£	£
At 1 September	32,692,000	24,800,000
Current service cost	2,334,000	1,883,000
Interest cost	557,000	463,000
Employee contributions	304,000	280,000
Actuarial (gains)/losses	(13,851,000)	3,309,000
Benefits paid	(331,000)	(450,000)
Past service costs	-	455,000
Business combinations	-	1,952,000
At 31 August	21,705,000	32,692,000

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

29. PENSION COMMITMENTS (CONTINUED)

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

	2022	2021
	£	£
At 1 September	10,868,000	7,562,000
Interest income	196,000	155,000
Actuarial (gains)/losses	(242,000)	1,116,000
Employer contributions	1,320,000	1,444,000
Employee contributions	304,000	280,000
Benefits paid	(331,000)	(450,000)
Administration expense	(31,000)	(29,000)
Business combinations	-	790,000
At 31 August	12,084,000	10,868,000

30. OPERATING LEASE COMMITMENTS

At 31 August 2022 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£	£
Not later than 1 year	137,174	228,565
Later than 1 year and not later than 5 years	80,615	273,945
	217,789	502,510

31. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

32. 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 Academy Trust 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 £19,116 (2021: £9,136), with a balance outstanding at the year end of £1,560 (2021: £NIL).

The Academy Trust paid expenses of £611 (2021: £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 (2021: £NIL).

The Academy Trust received income of £1,225 (2021: £NIL) during the year from Whitchurch Hockey Club. The nature of this income was for sports facilities use. Whitchurch Hockey Club is connected by virtue of the a Trustee being the Chair of the hockey club. The balance owed at the year end was £850 (2021: £NIL).

33. AGENCY ARRANGEMENTS

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2021 the Trust brought forward funds of £516 (2021: £NIL), received £37,814 (2021: £18,243) and disbursed £11,966 (2021: £17,727) from the fund. An amount of £26,364 (2021: £516) is included in other creditors relating to undistributed funds that is to be carried forward for distribution in the following accounting period.