

REGISTERED COMPANY NUMBER: 06202969 (England and Wales)
REGISTERED CHARITY NUMBER: 1124759

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE GOVERNORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2010



McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
Kent
ME10 4AE

THE MARSH ACADEMY
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FOR THE YEAR ENDED 31 AUGUST 2010

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THE MARSH ACADEMY
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REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2010

The governors present their report together with the financial statements of the charity for the year ended 31 August 2010. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies on pages 18 to 20 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005, 2nd edition').

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company Number 06202969 (England and Wales)

Registered Charity Number 1124759

Registered Office 16 St John's Lane
LONDON
EC1M 4BS

Governors (Trustees) Mr R J Alston CMG QSO DL (Chairman)
Mr N V Brotherton (Vice Chairman)*
Mr G M Badman CBE MA *
Mr T H P Haynes BA
Mr W A Holliwell*
Mrs B Wimble*
Mrs P S Rolfe
Mrs E Howard*
Mr S J Daws (Parent Governor)
Mrs T Luke (Executive Principal)*
Mrs S M Thorne (FSG Link)*
Mrs V J Soutar (Responsible Officer)
Mr L B Ridings*
Mr A Moore*
appointed 1 October 2009

* Members of the finance and people committee

Clerk to the Governors Mrs N Petrie

Company Secretary SK Secretary Limited

Senior Leadership Team	Executive Principal	Mrs T Luke
	Head of School	Mrs M Emptage
	Vice Principal	Mrs L Burrows
	Vice Principal	Mr R E Smith
	Assistant Principal	Mr R Robinson
	Assistant Principal	Mr R Bristow
	Assistant Principal	Mr L Magee
	Senior Administrator	Mrs M Clayton
	Director of Finance and Resources	Mr K W Norman

THE MARSH ACADEMY
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REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2010

REFERENCE AND ADMINISTRATIVE DETAILS - continued

Auditors	McCabe Ford Williams Statutory Auditors and Chartered Accountants Bank Chambers 1 Central Avenue SITTINGBOURNE ME10 4AE
Bankers	Barclays Bank PLC Level 27 1 Churchill Place LONDON E14 5HP
Solicitors	Stone King LLP 16 St John's Lane LONDON EC1M 4BS

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy was incorporated on 4th April 2007. The Academy is a company limited by guarantee with no share capital (registration no 06202969) and a registered charity (registration no 1124759). The charitable company's memorandum and articles of association are the primary governing documents of the Academy. Members of the charitable company are nominated by either the Kent County Council, Microsoft PLC or by Tonbridge School the three sponsors of the Academy. The articles of association require the members of the charitable company to appoint at least three governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

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 £1, for the debts and liabilities contracted before he/she ceases to be a member.

Governors

The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation.

Governors' term of office is four years but they are eligible for re-election at the meeting at which they retire. At each Annual General Meeting the Governors will elect a Chairman and a Vice-Chairman.

The Governors who were in office at 31 August 2010 are listed on page 1.

During the financial year under review the Governors held 4 full Governors meetings and 11 Governors committee meetings. In addition, there was a full day's facilitated training event covering Safeguarding that several Governors attended. The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, financial statements, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new governors a year, induction tends to be done informally and is tailored specifically to the individual.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2010

STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

Responsibilities of the Governors

Company law requires the Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year. In preparing financial statements giving a true and fair view, the Governors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which 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 Governors confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Public Benefit

The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set.

Organisational Structure

From the outset a unified management structure was introduced to ensure the effective and efficient running of the Academy. This structure has been modified over time and now consists of three levels: the Governors, the Senior Leadership Team and the Middle Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the strategic direction of the Academy, capital expenditure and the most senior staff appointments in consultation with the Executive Principal.

The Senior Leadership Team is led by the Executive Principal and comprises the Head of School, two Vice-Principals, three Assistant Principals, the Director of Finance and Resources and the Senior Administrator. These senior leaders manage the Academy at an executive level implementing the policies agreed by the Governors and reporting back to them on progress. The Executive Principal and other key senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Leadership Team always contain a Governor. Some spending control is devolved to members of the Middle Leadership Team, with limits above which a Senior Manager must countersign.

The wider Management Team includes the Senior Leadership Team, the Directors of Learning and Mini School Leaders. These middle managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students. The Leisure Centre has its own Manager and staffing structure.

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REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2010

STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

Endowment Fund

The Academy has an Endowment Fund that has benefited from donations from Kent County Council and The De Haan Charitable Trust. Further details regarding the Endowment Fund are given in note 3 to the financial statements.

Connected Organisations

Kent County Council, Microsoft PLC and Tonbridge School are sponsors to The Marsh Academy and since the Academy's founding have donated £1,889,573 to assist the Academy in achieving its objectives.

Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational area (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimize risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

Statement on the System of Internal Financial Control

As Governors, we acknowledge we have overall responsibility for ensuring that The Marsh Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that -

- the Academy is operating efficiently and effectively,
- its assets are safeguarded against unauthorised use or disposition,
- that proper records are maintained and financial information used within the Academy or for publication is reliable,
- the Academy complies with relevant laws and regulations.

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- regular reviews by the Finance and People committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks.

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STRUCTURE, GOVERNANCE AND MANAGEMENT – continued

In addition, the Governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the Academy it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have

- set policies on internal controls which cover the following
- type of risks the Academy faces,
- the level of risks which they regard as acceptable,
- the likelihood of the risks materialising,
- the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise,
- the costs of operating particular controls relative to the benefits obtained,
- clarified the responsibility of the Management Team to implement the governors' policies and to identify and evaluate risks for the governors' consideration,
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives,
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy,
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment, and
- included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being undertaken

The Governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Governors have appointed Mrs V J Soutar, a governor, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. As permitted by the DfES Financial Handbook for Academies, this task has been outsourced to the external auditors. On a quarterly basis the external auditors report to the governing body on the operation of the systems of control and on the discharge of the RO's financial responsibilities. There have been three internal audit checks carried out in the 12 months to 31st August 2010. There were no control issues that required any remedial action.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

OBJECTIVES AND ACTIVITIES

Objectives and Aims

The principal objects and activity of the charitable company is the operation of The Marsh Academy to provide an appropriate education for students of different abilities between the ages of 11 and 19. The Academy's specialism is business and enterprise and the Academy additionally aims to share its recreation and leisure facilities with the local community. In setting the objectives and planning the activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

In accordance with the articles of association The Marsh Academy has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum. The catchment area for our students includes the Romney Marsh and an area eastwards towards Hythe. The Academy welcomes pupils from all backgrounds.

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REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2010

OBJECTIVES AND ACTIVITIES – continued

The main objectives of the Academy during the year ended 31 August 2010 are summarised below

- to deliver high quality education and care to all pupils within the Academy,
- to raise standards and achievement,
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory and curriculum requirements,
- to maintain close links with industry and commerce, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

Strategies and activities

The Academy's main strategy is encompassed in its mission statement which is 'WHERE LEARNING COMES FIRST'

- the Academy produces an annual Academy Development Plan, which details how it intends to achieve the aims and objectives for the year. The activities provided include
- tuition and learning opportunities for all students to attain appropriate academic qualifications,
- training opportunities for all staff, and especially teaching staff,
- secondments and placing of students with industrial and commercial partners,
- a programme of sporting and after school leisure activities for all students,
- co-operation and sharing resources with local schools,
- a system of after school clubs to allow students to explore new areas in a practical and project oriented way,
- a careers advisory programme to help students obtain employment or move on to higher education

Equal opportunities policy

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to the Theatre block building and the Leisure centre areas of the Academy. The new buildings which started construction in 2010 will be fully compliant with all access legislation. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development

ACHIEVEMENT AND PERFORMANCE

Examination results for 2010 represented a marked improvement in A2 results with the overall pass rate increased from 84% to 97%. The Academy achieved its best ever GCSE results. The Marsh Academy achieved 72% 5A*-C at GCSE – up from 36% in 2007 and also an improvement to 35% on 5A*-C including English and Mathematics from 18% for the predecessor school

To ensure that standards are continually raised the Academy operates a programme of observation of lessons, is visited by inspectors, undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A level to assess the added value. The Academy also participates in national programmes looking at added value through the key stages

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REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2010

ACHIEVEMENT AND PERFORMANCE – continued

The Marsh Academy was inspected by Ofsted in June 2010 and was judged to be a satisfactory and rapidly improving school. Marked improvements in some core areas such as attainment, attendance and curriculum were also reported by Ofsted.

As a Business and Enterprise specialist school sponsored by Microsoft PLC we have made a considerable early investment in ICT. Five year groups have been equipped with laptops and a massive programme of wireless connectivity has been undertaken. During the last 12 months there has been further investment in ICT with the creation of the Theatre Learning Stage and the new LJ Create Engineering ICT Suite.

Since January 2008 the Marsh Academy has established close links with The Folkestone School for Girls, a high achieving grammar school, specialising in Mathematics and ICT. The two schools enjoy joint curriculum planning, mutual staff development and the sharing of resources with the primary aim of driving up standards. Mrs T Luke is the Executive Principal responsible for both schools and Mrs S Thorne is a Governor of both schools.

FINANCIAL REVIEW

Financial report for the year

Most of the Academy's income is obtained from the DCSF in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DCSF during the 12 months ended 31 August 2010 and the associated expenditure is shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the Kent County Council. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants 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 expected useful life of assets concerned.

During the year ended 31 August 2010, total expenditure of £6,412,987 (2009 £6,398,737) was more than covered by recurrent grant funding from the DCSF together with other incoming resources. The excess of income over expenditure for the period (excluding Restricted fixed asset funds and the Endowment fund) was £165,307 (2009 £751,754).

At 31 August 2010 the net book value of fixed assets was £1,261,141 (2009 £1,160,871) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Governors have determined that the appropriate level of free reserves for recurrent costs should be equivalent to 4 weeks expenditure, approximately £400,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. In addition the Governors have set aside in restricted reserves £900,000 to cover the initial start up costs of the new buildings due to be completed in 2011. The Academy's current level of free reserves is £69,556 and the Governors strategy to build free reserves up to £400,000 will be pursued in future years.

Financial position

The Academy held fund balances at 31 August 2010 of £2,598,729 (2009 £2,593,769) comprising of £3,723,173 (2009 £3,784,331) of restricted funds and £69,556 (2009 £75,438) of unrestricted general funds and a pension reserve deficit of £1,194,000 (2009 £1,266,000).

THE MARSH ACADEMY
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REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2010

PLANS FOR FUTURE PERIODS

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students find employment or a place in higher education once they leave. It is likely that a short follow up Ofsted inspection of the school will take place in the summer term of 2011.

The Academy aims in the future to improve our links with the wider community especially with regard to our specialism. To achieve this we have established a community development plan, based on an identification and analysis of need. The plan's aim is to establish ways to benefit the wider community (from links with mainly local primary schools) and direct access to the Academy's facilities, curricular materials and the expertise of Academy staff.

The Marsh Academy is pleased to report that construction work has started on the new building. The first phase will be the relocation of the hard court areas on to the playing fields. The new building is scheduled to be ready by December 2011.

The Marsh Academy is known in the community for its excellent Leisure Centre and Theatre Building, both of which will remain, and which will now be enhanced by the new building, which will offer outstanding provision for both practical and academic study.

The Governors are pleased to announce that the Colyer-Fergusson Charitable Trust has granted The Marsh Academy funding of £3.6 million to build an Inclusion and Adolescent Resource Centre on the Academy site. This centre will serve both the Academy and the local community and is planned to open in early 2013.

The Governors would like to express their sincere thanks to the Colyer-Fergusson Charitable Trust for the award of this grant.

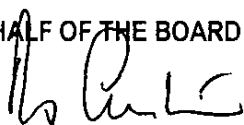
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the governors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each governor has taken all the steps that they ought to have taken as a governor in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



Mr R J Alston (Chairman) - Trustee

Date 24 November 2010

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

We have audited the financial statements of The Marsh Academy for the year ended 31 August 2010 on pages eleven to thirty four. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The Governors' (who act as trustees for the charitable activities of The Marsh Academy and are also the directors for the purpose of company law) responsibilities for preparing the Report of the Governors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and are prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Report of the Governors is consistent with those financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of the Governors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE MARSH ACADEMY
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Opinion

In our opinion

- a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Academy at 31 August 2010, and of its incoming resources and application of resources including its income and expenditure for the year then ended, and have been properly prepared in accordance with the Companies Act 2006,
- b) the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education and Skills in respect of the relevant financial period,
- c) proper accounting records have been kept by the Academy throughout the financial period,
- d) grants made by the Department for Children, Schools and Families have been applied for the purposes intended, and
- e) the information given in the Governors' Report is consistent with the financial statements

Mrs Clair Rayner (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
ME10 4AE



Date 24 November 2010

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2010

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Endowment Funds £	31 08 10 Total Funds £	31 08 09 Total Funds £
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income	3	14,993	-	-	-	14,993	283,886
Activities for generating funds	4	204,733	-	-	-	204,733	254,860
Investment income	5	67,476	-	-	-	67,476	72,516
Incoming resources from charitable activities							
Funding for the Academy's educational operations	6	-	5,758,260	133,830	-	5,892,090	6,194,193
Leisure and recreation	6	250,655	-	-	-	250,655	287,183
Total incoming resources		537,857	5,758,260	133,830		6,429,947	7,092,638
RESOURCES EXPENDED							
Costs of generating funds							
Costs of generating voluntary income	7	240,682	-	-	-	240,682	393,298
Charitable activities							
Funding for the Academy's educational operations	8	-	5,578,127	282,177	-	5,860,304	5,651,315
Leisure and recreation	8	303,057	-	-	-	303,057	340,760
Governance costs	10	-	8,944	-	-	8,944	13,364
Total resources expended		543,739	5,587,071	282,177	-	6,412,987	6,398,737
Net incoming/(outgoing) resources before transfers		(5,882)	171,189	(148,347)	-	16,960	693,901
Gross transfers between funds	20	-	(223,375)	223,375	-	-	-
Net incoming/(outgoing) resources before other recognised gains/losses		(5,882)	(52,186)	75,028	-	16,960	693,901
Other recognised gains and losses							
Actuarial gains/losses on defined benefit schemes	19	-	(12,000)	-	-	(12,000)	(609,000)
Net movement in funds		(5,882)	(64,186)	75,028		4,960	84,901

The notes form part of these financial statements

THE MARSH ACADEMY
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STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2010

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Endowment Funds £	31 08 10 Total Funds £	31 08 09 Total Funds £
RECONCILIATION OF FUNDS							
Net movement in funds		(5,882)	(64,186)	75,028	-	4,960	84,901
Total funds brought forward	20	75,438	240,321	1,428,010	850,000	2,593,769	2,508,868
TOTAL FUNDS CARRIED FORWARD		<u>69,556</u>	<u>176,135</u>	<u>1,503,038</u>	<u>850,000</u>	<u>2,598,729</u>	<u>2,593,769</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities

The notes form part of these financial statements

THE MARSH ACADEMY
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INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2010

		31 08 10		31 08 09	
	Notes	£	£	£	£
INCOME					
General annual grant	2		5,120,678		5,403,166
DCFS/KCC capital grant	6		133,830		206,264
Other DCFS grant	6		438,244		392,777
Other government grants	6		199,338		191,986
Donations	3		14,993		283,886
Interest receivable	5		67,476		72,516
Other Income					
- Activities for generating funds	4	204,733		254,860	
- Charitable activities	6	250,655		287,183	
			<u>455,388</u>		<u>542,043</u>
Total income			<u>6,429,947</u>		<u>7,092,638</u>
EXPENDITURE					
General annual grant (GAG) related expenditure	2		5,008,282		4,890,431
Other grant expenditure					
- EAG 2		49,997		31,083	
- Other government grants		612,791		548,048	
			662,788		579,131
Depreciation	11		282,178		164,117
Other expenditure					
- Cost of generating funds	7	240,682		393,298	
- Voluntary income					
- Leisure and recreation	8	303,057		340,760	
- Defined benefit scheme		(84,000)		31,000	
			<u>459,739</u>		<u>765,058</u>
Total expenditure			<u>6,412,987</u>		<u>6,398,737</u>
EXCESS OF INCOME OVER EXPENDITURE BEFORE ACTUARIAL GAINS/LOSSES ON DEFINED BENEFIT PENSION SCHEME					
			<u>16,960</u>		<u>693,901</u>

The notes form part of these financial statements

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 2010

		31 08 10	31 08 09
	Notes	£	£
EXCESS OF INCOME OVER EXPENDITURE		16,960	693,901
Actuarial gains/losses on defined benefit schemes	19	(12,000)	(609,000)
Deficit brought forward on LGPS defined benefit pension scheme	19	-	-
Total recognised gains and losses for the year		<u>4,960</u>	<u>84,901</u>
Net movement to (from) funds			
Restricted funds		10,842	(705,486)
Endowment fund		-	77,143
Unrestricted funds		<u>(5,882)</u>	<u>713,244</u>
		<u>4,960</u>	<u>84,901</u>

The income and expenditure account is derived from the statement of financial activities on page 11 to 12 which, together with the notes to the financial statements on pages 18 to 34 provides full information on the movements during the period on all the funds of the Academy

All of the Academy's activities derived from continuing operations during the above financial period

The notes form part of these financial statements

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AT 31 AUGUST 2010

		31 08 10 Total Funds		31 08 09 Total Funds	
	Notes	£	£	£	£
FIXED ASSET					
Tangible assets	14		1,261,141		1,160,871
CURRENT ASSET					
Stock	15	33,601		41,873	
Debtors amounts falling due within one year	16	217,845		185,717	
Cash at bank and in hand		<u>2,706,032</u>		<u>3,041,839</u>	
		2,957,478		3,269,429	
CREDITORS					
Amounts falling due within one year	17	<u>(425,890)</u>		<u>(570,531)</u>	
NET CURRENT ASSETS			<u>2,531,588</u>		<u>2,698,898</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,792,729		3,859,769
PENSION LIABILITY	19		<u>(1,194,000)</u>		<u>(1,266,000)</u>
NET ASSETS			<u>2,598,729</u>		<u>2,593,769</u>
FUNDS	20				
<i>Income funds</i>					
Endowment funds			850,000		850,000
Restricted funds					
- Restricted fixed asset fund			1,503,038		1,428,010
- Restricted general fund			1,370,135		1,506,321
- Pension fund			(1,194,000)		(1,266,000)
Unrestricted funds					
- General fund			69,556		75,438
TOTAL FUNDS			<u>2,598,729</u>		<u>2,593,769</u>

The financial statements were approved by the Governors on 24 November 2010 and were signed on its behalf by



Mr R J Alston (Chairman) - Trustee

The notes form part of these financial statements

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2010

	Notes	31 08 10 £	£	31 08 09 £	£
Operating Activities					
Receipts					
Recurrent grants received from the DCSF					
General Annual Grant (GAG)		5,120,678		5,403,166	
Standards Fund		388,247		361,694	
Other receipts from the DCSF		49,997		31,083	
Other receipts from Government		199,338		191,986	
Other receipts		<u>493,775</u>		<u>495,337</u>	
			6,252,035		6,483,266
Payments					
Payroll payments		4,620,683		4,496,918	
Other cash payments		<u>1,786,018</u>		<u>1,635,962</u>	
			(6,406,701)		(6,132,880)
Net cash (outflow) / inflow from operating activities			(154,666)		350,386
Returns on investments and servicing of finance					
Interest received		67,476		72,516	
Interest paid		<u>-</u>		<u>-</u>	
			67,476		72,516
Capital income / (expenditure)					
Capital grants from DCSF		-		89,711	
Capital grants from KCC		133,830		116,553	
Purchase of tangible fixed assets		<u>(382,447)</u>		<u>(284,898)</u>	
			(248,617)		(78,634)
Management of liquid resources and financing					
Endowment funds			<u>-</u>		<u>100,000</u>
(Decrease)/Increase in cash			<u>(335,807)</u>		<u>444,268</u>
Reconciliation of net cash flow to movement in net funds					
(Decrease)/Increase in cash			(335,807)		444,268
Net funds brought forward			<u>3,041,839</u>		<u>2,597,571</u>
Net funds at 31 August 2010	1		<u>2,706,032</u>		<u>3,041,839</u>

The notes form part of these financial statements

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2010

1. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 9 09	Cash flow	At 31 08 10
	£	£	£
Net cash			
Cash at bank and in hand	3,041,839	(335,807)	2,706,032
	<hr/>	<hr/>	<hr/>
Total	<u>3,041,839</u>	<u>(335,807)</u>	<u>2,706,032</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2010

1 ACCOUNTING POLICIES

Format of financial statements

The standard format for the financial statement as required by the Companies Act 2006 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' ('SORP 2005, 2nd edition') and reflects the activities of the Academy

Accounting convention

The financial statements have been prepared under the historical cost convention, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities

Incoming resources

Grants receivable

Grants are included in the statement of financial activities on an accruals basis. Grants are recognised as incoming resources once the criteria of certainty and measurability are met and there is evidence of entitlement. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable.

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Academy in the period in which they are receivable, and where the benefit is both quantifiable and material.

Interest receivable

Interest receivable is included within the statement of financial activities on an accruals basis.

Resources expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

Governance costs

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings. Such costs include both direct and allocated support costs.

Allocation and apportionment of costs

In accordance with the SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

1. ACCOUNTING POLICIES - continued

Fund accounting

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the Governors

Restricted funds comprise grants from the DCSF and other donors which are to be used for specific purposes as explained in note 20

Tangible fixed assets

Tangible fixed assets acquired since the Academy was established are included in the financial statements at cost

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

Assets costing less than £500 are written off in the year of acquisition. All other assets are capitalised.

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for assets are

Freehold property	50 years
Plant and machinery	6 - 7 years
Fixtures and fittings	4 years
Computer equipment	3 years
Motor vehicles	4 years

Stocks

The academy carries small values of uniform supplies, catering stock and stationery. Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The Academy is a registered charity and as such its income and gains are exempt from income tax and corporation tax to the extent that they are applied to its charitable activities under the provisions of the Income and Corporation Taxes Act 1988. The cost of irrecoverable VAT incurred by the Academy has been included in the statement of financial activities.

Group accounts

Consolidated accounts have not been prepared. The results of the Marsh Academy Endowment Fund have been aggregated with that of The Marsh Academy in accordance with s96 (6) of the Charities Act 1993.

Endowment fund

The De Haan Charitable Trust and Kent County Council have gifted certain monies to be held for the benefit of The Marsh Academy in an endowment fund. As detailed above the results of the endowment fund have been aggregated with those of The Marsh Academy.

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

1. ACCOUNTING POLICIES – continued

Pensions

Academy staff are members of one of two pension schemes, both are defined benefit schemes

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, defined benefit scheme is administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

Local Government Pension Scheme

Non teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

2 GENERAL ANNUAL GRANT (GAG)

a. Results and carry forward for the Year

	31 08 10	31 08 09
	£	£
GAG brought forward from previous year	389,796	152,459
Add GAG allocation for current year	5,120,678	5,403,166
Less Start up grant A and B	-	(152,500)
Total GAG available to spend	5,510,474	5,403,125
Less Recurrent expenditure from GAG	(5,008,282)	(4,890,431)
Add Start up grant A and B expenditure	95,000	162,000
Capital expenditure from GAG	(223,375)	(284,898)
GAG carried forward to next year	373,817	389,796
Less Maximum permitted GAG carried forward at end of current year (12% of allocation of current year)	(614,481)	(648,380)
GAG to surrender to DCSF (12% rule breached if rule is positive)	(240,664)	(258,584)
	no breach	no breach

The estimated number of pupils used to calculate the GAG income for the year ended 31 August 2010 was 956. Actual pupil numbers at 31 January 2010 were 953. As the variation from the estimated numbers was lower than 2.5% there will be no claw back of the grant.

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

2. GENERAL ANNUAL GRANT (GAG) – continued

b Use of GAG brought forward from previous year for recurrent purposes

(of the amount carried forward each year a maximum of 2% of GAG can be used for recurrent purposes Any balance, up to a maximum of 12%, can only be used for capital purposes)

	31 08 10	31 08 09
	£	£
Recurrent expenditure from GAG in current year	4,913,282	4,728,431
GAG allocation for current year	(5,120,678)	(5,403,166)
GAG allocation for the previous year x 2%	<u>(108,063)</u>	<u>(124,643)</u>
GAG brought forward from previous year in excess of 2% used on recurrent expenditure in current year (2% rule breached if result is positive)	<u>(315,459)</u>	<u>(799,378)</u>
	no breach	no breach

3. VOLUNTARY INCOME

Donated Services

Microsoft PLC has donated the following services to the Academy during the year under review

	31 08 10	31 08 09
	£	£
Licences	-	168,248
Consultancy	-	-

Tonbridge School have donated the following services to the Academy during the year under review

Staff time and salary costs	<u>14,993</u>	<u>15,638</u>
Total donated services and facilities	<u>14,993</u>	<u>183,886</u>

Donated Assets

Azincourt property	<u>-</u>	<u>-</u>
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Kent County Council has legally undertaken to transfer the title of Le Verginiaud a property in Azincourt France to the Academy The Academy currently has exclusive use of the property The property has therefore been valued at market value as assessed by the governors

Donations

Kent County Council	-	-
The De Haan Chantable Trust	<u>-</u>	<u>100,000</u>

During the year ended 31 August 2009 The De Haan Chantable Trust has gifted £100,000 to The Marsh Academy Endowment Fund

Total Voluntary Income	<u>14,993</u>	<u>283,886</u>
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THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

4. ACTIVITIES FOR GENERATING FUNDS

	31 08 10	31 08 09
	£	£
Shop income	1,544	2,953
Fundraising events	3,012	2,760
Catering income	156,140	157,039
School trips income	6,691	13,355
School uniform sales	18,124	16,200
Miscellaneous school income	13,177	16,134
Training income	6,045	46,419
	<u>204,733</u>	<u>254,860</u>

5. INVESTMENT INCOME

	31 08 10	31 08 09
	£	£
Deposit account interest	58,481	44,491
The Marsh Academy Endowment Fund	8,995	28,025
	<u>67,476</u>	<u>72,516</u>

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	£	31 08 10 £	£	31 08 09 £
<i>Funding for the Academy's educational operations</i>				
Department for Children, Schools and Families grants				
- General Annual Grant (GAG) note 2		5,120,678		5,403,166
- Standards fund	388,247		361,694	
- Other DCSF grants	<u>49,997</u>		<u>31,083</u>	
		438,244		392,777
Other Government Grants				
- Other government grants		199,338		191,986
- Capital grant		<u>133,830</u>		<u>206,264</u>
		5,892,090		6,194,193
Leisure and recreation				
Leisure centre income		<u>250,655</u>		<u>287,183</u>
		<u>6,142,745</u>		<u>6,481,376</u>

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

7 COSTS OF GENERATING VOLUNTARY INCOME

	31 08 10	31 08 09
	£	£
Staff costs	127,778	119,714
School shop purchases	725	1,439
Catering supplies	97,186	88,259
Donated services	<u>14,993</u>	<u>183,886</u>
	<u>240,682</u>	<u>393,298</u>

8. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 9)	Totals
	£	£	£
Funding for the Academy's educational operations	4,411,986	1,448,318	5,860,304
Leisure, recreation and other education	<u>302,848</u>	<u>209</u>	<u>303,057</u>
	<u>4,714,834</u>	<u>1,448,527</u>	<u>6,163,361</u>

9. SUPPORT COSTS

	Management	Finance	Defined Benefit Scheme	Totals
	£	£	£	£
Funding for the Academy's educational operations	1,389,261	4,057	55,000	1,448,318
Leisure and recreation	<u>-</u>	<u>209</u>	<u>-</u>	<u>209</u>
	<u>1,389,261</u>	<u>4,266</u>	<u>55,000</u>	<u>1,448,527</u>

Support costs, included in the above, are as follows

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

9. SUPPORT COSTS – continued

Management

	31 08 10 Funding for the Academy's educational operations £	31 08 09 Total activities £
Wages	732,956	683,494
Rates and water	55,593	52,894
Insurance	92,424	103,719
Light and heat	133,150	203,334
Telephone	32,112	28,331
Postage and stationery	36,060	28,110
Advertising	36,007	38,215
Sundries	15,959	14,257
Rent	60,000	60,000
Travel and subsistence	3,336	1,754
Subscriptions and licences	4,676	2,626
Professional fees	98,790	50,233
Security and maintenance	40,654	24,815
Staff recruitment expenses	3,278	50
Hospitality	6,645	4,239
Equipment and IT purchases	28,858	18,993
Staff development	8,763	14,416
	<u>1,389,261</u>	<u>1,329,480</u>

Finance

	31 08 10 Funding for the Academy's educational operations £	31 08 09 Leisure and recreation £	Total activities £	Total activities £
Bank charges	<u>4,057</u>	<u>209</u>	<u>4,266</u>	<u>4,292</u>

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

9 SUPPORT COSTS – continued

Defined Benefit Scheme

	31 08 10 Funding for the Academy's educational operations £	31 08 09 Total activities £
Past service costs		
Expected return on pension scheme assets	(82,000)	(77,000)
Interest on pension scheme liabilities	<u>137,000</u>	<u>115,000</u>
	<u>55,000</u>	<u>38,000</u>

The method used for the apportionment of support costs is disclosed in the accounting policies on page 18

10 GOVERNANCE COSTS

	31 08 10 £	31 08 09 £
Governors meeting costs	253	511
Auditors' remuneration	7,863	11,153
Auditors' remuneration for non-audit work	<u>828</u>	<u>1,700</u>
	<u>8,944</u>	<u>13,364</u>

11 NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting)

	31 08 10 £	31 08 09 £
Auditors' remuneration	7,863	11,153
Auditors' remuneration for non-audit work	828	1,700
Depreciation – owned assets	272,124	164,117
Loss on disposal of fixed assets	<u>10,054</u>	<u>-</u>

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

12. GOVERNORS' REMUNERATION AND BENEFITS

The Governors and Trustees of the Academy did not receive any payment from the Academy other than the reimbursement of out of pocket expenses incurred in the course of their duties

Governors Expenses

During the year, reimbursed expenses amounting to £253 (2009 £511) were paid to Governors

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2010 was £4,542 (2009 £5,187)

Interests in transactions

Mrs P S Rolfe is an employee of W&E Rolfe & Son a local hardware store (a business part owned by her husband) to which the Academy paid £2,466 during the financial year (2009 £1,798) in respect of hardware purchases. The purchases were supplied to the Academy at an arm's length value.

Folkestone School for Girls, which shares its principal Mrs T Luke with The Marsh Academy was recharged costs totalling £183,892 from The Marsh Academy. They also charged costs totalling £80,365 to The Marsh Academy.

13. STAFF COSTS

	31 08 10	31 08 09
	£	£
Wages and salaries	<u>4,620,683</u>	<u>4,496,917</u>

The average monthly number of employees during the year was as follows

	31 08 10	31 08 09
Teachers and educational support	108	103
Administration and support	61	59
Leisure and recreation	24	27
Management	<u>9</u>	<u>8</u>
	<u>202</u>	<u>197</u>

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows

	31 08 10	31 08 09
60,000 - 70,000	4	2
110,000 - 120,000	1	1

The number of employees earning in excess of £60,000 (for the year) to whom retirement benefits are accruing

31 08 10	31 08 09
5	3

All of the above participated in the Teachers Pension Scheme and the Local Government Pension Scheme. During the year pension contributions for these staff amounted to £55,402 (2009 £37,365)

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

14. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold improvements £	Plant and machinery £
COST			
At 1 September 2009	650,000	-	55,892
Additions	-	78,707	-
Disposals	-	-	(2,255)
	<u>650,000</u>	<u>78,707</u>	<u>53,637</u>
At 31 August 2010			
DEPRECIATION			
At 1 September 2009	10,000	-	11,937
Charge for year	10,000	-	8,102
Eliminated on disposal	-	-	(564)
	<u>20,000</u>	<u>-</u>	<u>19,475</u>
At 31 August 2010			
NET BOOK VALUE			
At 31 August 2010	<u>630,000</u>	<u>78,707</u>	<u>34,162</u>
At 31 August 2009	<u>640,000</u>	<u>-</u>	<u>43,955</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2009	27,322	24,084	618,022	1,375,320
Additions	50,403	3,200	250,137	382,447
Disposals	-	-	(25,600)	(27,855)
	<u>77,725</u>	<u>27,284</u>	<u>842,559</u>	<u>1,729,912</u>
At 31 August 2010				
DEPRECIATION				
At 1 September 2009	7,856	502	184,154	214,449
Charge for year	11,606	6,154	236,262	272,124
Eliminated on disposal	-	-	(17,238)	(17,802)
	<u>19,462</u>	<u>6,656</u>	<u>403,178</u>	<u>468,771</u>
At 31 August 2010				
NET BOOK VALUE				
At 31 August 2010	<u>58,263</u>	<u>20,628</u>	<u>439,381</u>	<u>1,261,141</u>
At 31 August 2009	<u>19,466</u>	<u>23,582</u>	<u>433,868</u>	<u>1,160,871</u>

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

14. TANGIBLE FIXED ASSETS – continued

Sources of funding for assets acquired (cumulative to date)	31 08 10	31 08 09
	£	£
Donated asset	650,000	650,000
General annual grant	1,025,239	670,647
KCC Devolved capital grant	54,673	54,673
	<u>1,729,912</u>	<u>1,375,320</u>
Cost of fixed assets to 31 August 2010		
Less accumulated depreciation	(468,771)	(214,449)
	<u>1,261,141</u>	<u>1,160,871</u>
Net book value of fixed assets at 31 August 2010		

15. STOCKS

	31 08 10	31 08 09
	£	£
Stocks	<u>33,601</u>	<u>41,873</u>

16. DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 08 10	31 08 09
	£	£
Trade debtors	19,030	25,626
Prepayments and accrued income	198,815	160,027
Vat refund	-	64
	<u>217,845</u>	<u>185,717</u>

17. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 08 10	31 08 09
	£	£
Trade creditors	117,503	269,262
Social security and other taxes	1,194	-
Other creditors	47,341	44,385
Accruals and deferred income	<u>259,852</u>	<u>256,884</u>
	<u>425,890</u>	<u>570,531</u>

18. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	31 08 10	31 08 09	31 08 10	31 08 09
	£	£	£	£
Expiring				
Between one and five years	<u>1,000</u>	<u>60,000</u>	<u>14,677</u>	<u>28,780</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

19. EMPLOYEE BENEFIT OBLIGATIONS

The Academy'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 Kent County Council

The total pension cost to the Academy during the period ended 31 August 2010 was £505,177 (2009 £468,322) of which £318,267 (2009 £294,566) relates to the TPS and £186,910 (2009 £173,756) relates to LGPS

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account will be credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Not less than every four years, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

Contributions are assessed in two parts. First, a standard contribution is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%. The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 millions.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2009

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been 19.75% plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years), a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement has also introduced – effective for the first time with effect from the 2008 valuation – a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at www.teachernet.gov.uk/pensions

Local Government Pension Scheme (LGPS)

The Academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS) managed by Kent County Council.

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The total contribution made for the year ended 31 August 2010 was £253,188 (2009 £234,468) of which employer's contributions totalled £186,910 (2009 £173,756) and employees' contributions totalled £66,278 (2009 £60,711). The employer's contribution paid included outstanding contributions from 2009 totalling £nil. The agreed contribution rates for the year ended 31 August 2010 were 17.5% (Sept-Mar) and 17.5% (Apr-Aug) for employers and between 5-8% for employees.

The following information is based upon a full actuarial valuation of the fund at 31 March 2009, updated to 31 August 2010 by a qualified independent actuary.

The amounts recognised in the balance sheet are as follows:

	Defined benefit Pension plans	
	31 08 10 £	31 08 09 £
Present value of funded obligations	(2,780,000)	(2,429,000)
Fair value of plan assets	1,586,000	1,163,000
	(1,194,000)	(1,266,000)
Present value of unfunded obligations	-	-
Deficit	(1,194,000)	(1,266,000)
Net Liability	(1,194,000)	(1,266,000)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

19 EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31 08 10	31 08 09
	£	£
Current service cost	187,000	154,000
Interest cost	137,000	115,000
Expected return	(82,000)	(77,000)
Past service cost	(140,000)	-
Losses/(Gains) on curtailments and settlements	-	65,000
	<u>102,000</u>	<u>257,000</u>

Actual return on plan assets	<u>190,000</u>	<u>(62,000)</u>
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Changes in the present value of the defined benefit obligation are as follows

	Defined benefit pension plans	
	31 08 10	31 08 09
	£	£
Opening defined benefit obligation	2,429,000	1,664,000
Current service cost	187,000	154,000
Past service cost	(140,000)	-
Contributions by scheme participants	66,000	60,000
Interest cost	137,000	115,000
Actuarial losses/(gains)	121,000	420,000
Losses/(Gains) on curtailments	-	65,000
Estimated benefits paid	<u>(20,000)</u>	<u>(49,000)</u>
Deficit	<u>2,780,000</u>	<u>2,429,000</u>

Changes in the fair value of scheme assets are as follows

	Defined benefit Pension plans	
	31 08 10	31 08 09
	£	£
Opening fair value of scheme assets	1,163,000	1,038,000
Contributions by employer	186,000	226,000
Contributions by scheme participants	66,000	60,000
Expected return	82,000	77,000
Actuarial losses/ (gains)	109,000	(189,000)
Estimated benefits paid	<u>(20,000)</u>	<u>(49,000)</u>
	<u>1,586,000</u>	<u>1,163,000</u>

THE MARSH ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the statement of recognised gains and losses are as follows

	Defined benefit Pension plans	
	31 08 10	31 08 09
	£	£
Actuarial gains/(losses)	<u>(12,000)</u>	<u>(609,000)</u>
Contributions by employer	<u>(12,000)</u>	<u>(609,000)</u>
Cumulative amount of actuarial Gains/(losses)	<u>(748,000)</u>	<u>(736,000)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows

	Defined benefit Pension plans	
	31 08 10	31 08 09
	£	£
Equities	1,157,000	814,000
Bonds	222,000	198,000
Gilts	16,000	-
Property	143,000	81,000
Cash	<u>48,000</u>	<u>70,000</u>
	<u>1,586,000</u>	<u>1,163,000</u>

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

	31 08 10	31 08 09
Discount rate	4.80%	5.40%
Expected return on scheme assets	6.30%	6.40%
Future salary increases	4.50%	4.90%
Future pension increases	3.00%	3.40%

Amounts for the current period are as follows

	31 08 10	31 08 09
	£	£
Defined benefit pension plans		
Defined benefit obligation	(2,780,000)	(2,429,000)
Fair value of scheme assets	1,586,000	1,163,000
Deficit	<u>(1,194,000)</u>	<u>(1,266,000)</u>
Experience adjustments on scheme liabilities	-	(153,000)
Experience adjustments on scheme assets	109,000	(189,000)

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

20 RESTRICTED FUNDS

	Balance at 01 09 2009 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 08 2010 £
Restricted general funds					
General Annual Grant	389,796	5,120,678	(4,913,282)	(223,375)	373,817
Set up grant A	790,363	-	-	-	790,363
Set up grant B	206,042	-	(95,000)	-	111,042
EAG 2	-	49,997	(49,997)	-	-
Other government grants	120,120	587,585	(612,792)	-	94,913
Pension Fund	(1,266,000)	-	72,000	-	(1,194,000)
	<u>240,321</u>	<u>5,758,260</u>	<u>(5,599,071)</u>	<u>(223,375)</u>	<u>176,135</u>
Restricted fixed asset funds					
Capital expenditure from GAG	478,121	-	(262,506)	223,375	438,990
DCSF capital grant	309,889	133,830	(9,671)	-	434,048
Donated asset	640,000	-	(10,000)	-	630,000
	<u>1,428,010</u>	<u>133,830</u>	<u>(282,177)</u>	<u>223,375</u>	<u>1,503,038</u>
Endowment fund					
The Marsh Academy Endowment Fund	850,000	-	-	-	850,000
	<u>850,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>850,000</u>
Total Restricted funds	<u>2,518,331</u>	<u>5,892,090</u>	<u>(5,881,248)</u>	<u>-</u>	<u>2,529,173</u>

General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.

Start Up Grant A must be used to meet the expenditure of providing basic stocks of teaching and learning materials. Start Up Grant B is intended to cover a lack of economies of scale (in terms of pupil numbers) and costs associated with the recruitment and introduction of additional staff.

Restricted fixed asset funds were funded by government grants and sponsors and a transfer from unrestricted funds to the restricted fixed asset fund.

Kent County Council and The De Haan Charitable Trust have gifted certain monies for the benefit of The Marsh Academy. The Marsh Academy Endowment Fund was therefore established. During 2009, a gift of £100,000 was received from The De Haan Charitable Trust.

The governors decided in 2009 that the pension liability should be charged to restricted reserves. This is because the obligation to fund the deficit is met from the General Annual Grant funding which is accounted for through restricted reserves and therefore it is more appropriate to charge the deficit to restricted reserves.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Endowment funds	Total
	£	£	£	£	£
Tangible fixed assets			1,261,141	-	1,261,141
Current assets	77,044	1,788,537	241,897	850,000	2,957,478
Current liabilities	(7,488)	(418,402)	-	-	(425,890)
Pension scheme liability		(1,194,000)	-	-	(1,194,000)
	<u>69,556</u>	<u>176,135</u>	<u>1,503,038</u>	<u>850,000</u>	<u>2,598,729</u>

22. 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 £1 for the debts and liabilities contracted before he/she ceases to be a member

23. ULTIMATE CONTROLLING PARTY

The Academy is run by the management team on a day to day basis. Strategic decisions are made by the board of Governors. There is no ultimate controlling party.

24. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds for the purposes of its charitable objectives or to repay to the Secretary of State for Children, Schools and Families the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2010

25. CAPITAL COMMITMENTS

	31 08 10 £	31 08 09 £
Contracted but not provided for in the financial statements	<u>1,414,522</u>	<u>-</u>

During the year the Academy signed an agreement with GSE Design and Build Limited for the building of a new staircase for £109,839 of which £31,131 was committed to at the 31 August 2010 but had not yet been paid as the works had not been completed

In addition to this the Academy entered into an agreement in July 2010 with CSE Ltd for the Provision of IT equipment, in respect of which £1,383,390 was committed at the 31 August 2010. The Academy has an agreement with Kent County Council for the full reimbursement of costs associated with this contract