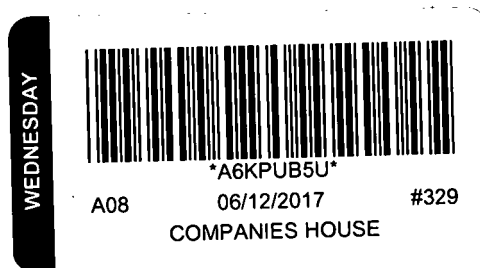


REGISTERED COMPANY NUMBER: 06202969 (England and Wales)

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017



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

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

	Page
Reference and Administrative Details	1-2
Report of the Trustees	3-11
Governance Statement	12-14
Statement On Regularity, Propriety And Compliance	15
Statement of Trustees' Responsibilities	16
Independent Auditors Report on the Financial Statements	17-18
Independent Reporting Accountants Report on Regularity	19-20
Statement of Financial Activities (including an income and expenditure account and Other Comprehensive Income)	21-22
Balance Sheet	23
Statement of Cash Flows	24
Notes to the statement of Cash Flows	25
Notes to the Financial Statements incorporating:	
- Statement of accounting policies	26-30
- Other Notes to the Financial Statements	30-46

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Registered Company number	06202969 (England and Wales)
Principal & Registered office	Station Road NEW ROMNEY TN28 8BB
Members	The Worshipful Company of Skinners Kent County Council Microsoft Tonbridge School The Chairman of the Governing body
Trustees	Mr J C F Hitchins (Chairman) * Mr N V Brotherton (Vice Chairman)* Mr P C Braggins Mrs L A Burrows Mr M E Fry (Responsible Officer)* Mrs H Hadfield Mr T H P Haynes BA Mrs S M Miles Mr A C Moore* Mr D W J Searle* Mr S Simmons (Principal)* Mr A S H Smyth Mrs V J Soutar

* Members of the Personnel and Finance committee

Clerk to the Trustees	Mr T Wilson
------------------------------	-------------

Senior Management Team	Principal	Mr S Simmons
	Senior Vice Principal	Mr L Magee
	Vice Principal	Mr J Scrivener
	Assistant Principal	Mrs S Cavanagh
	Assistant Principal	Mr A Bloomfield
	Senior Administrator	Mrs A Clayson
	Director of Finance and Resources	Mr R Mingo

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Auditor	Clair Rayner FCA DChA (Senior Statutory Auditor) McCabe Ford Williams Statutory Auditors and Chartered Accountants Bank Chambers 1 Central Avenue Sittingbourne Kent ME10 4AE
Bankers	Barclays Bank PLC, Level 27, 1 Churchill Place, LONDON, E14 5HP
Website	www.marshacademy.org.uk

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's reports of the academy for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report and a director's report under company law.

The trust operates an academy for pupils aged 11 to 19 serving a catchment area of New Romney and the surrounding area. It has a pupil capacity of 1,100 and had a roll of 912 in the school census on 5 October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy trust is a company limited by guarantee and an exempt charity. The company's Memorandum and Articles of Association are the primary governing documents of the Academy. The trustees of The Marsh Academy are also the directors of the charitable company for the purpose of company law.

The Principal Sponsor of the Academy is The Worshipful Company of Skinners, and the Co-Sponsors are Kent County Council, Microsoft and Tonbridge School.

The Members of the Trust comprise:

- The Worshipful Company of Skinners
- Kent County Council
- Microsoft
- Tonbridge School
- The chairman of the Governing Body
- Any persons appointed by the Members under article 6.

The articles of association require the Members of the Company to appoint at least three Trustees to be responsible for the statutory and constitutional affairs of the Company and the management of the Academy.

Members' Liability

Each member of the company undertakes to contribute to the assets of the company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees

The following Trustees were in office at 28 November 2017 and served throughout the year except where shown:

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Trustees	Appointed	Resigned
Mr J Hitchins (Chairman)		
Mr N V Brotherton (Vice Chairman)		
Mr P C Braggins		
Mrs L A Burrows	22 September 2016	
Mr H C K Carson		31 August 2017
Mr M E Fry (Responsible Officer)		
Mrs H Hadfield	15 March 2017	
Mr T H P Haynes		
Mrs S M Miles	15 March 2017	
Mr A C Moore		
Mr L B Ridings		31 August 2017
Mr D W J Searle	15 March 2017	
Ms R Sheppard		13 March 2017
Mr S Simmons (Principal)		
Mr A S H Smyth	6 July 2017	
Mrs V J Soutar		
Mrs L Sheppard		7 September 2016

Four Trustees left the Academy during the year, Mrs L Sheppard on 7 September 2016, Ms R Sheppard on 13 March 2017 and Mr H C K Carson and Mr L B Ridings, both on 31 August 2017. The continuing Trustees would like to take this opportunity to thank these Trustees for their services to the Academy. Mrs H Hadfield and Mr D W J Searle were appointed as Sponsor Trustees on 15 March 2017 and Mr A Smyth as a Sponsor Trustees on 6 July 2017. Mrs S M Miles was appointed as a Co-opted Trustee also on 15th March 2017.

No Trustee received any remuneration in respect of their duties as a trustee, from the Academy during the year (2016 – nil). Mr S Simmons was remunerated in his position as Principal of the Academy.

Trustees Indemnities

Subject to the provisions of the Companies Act 2006, every Trustee, officer or auditor of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy.

Method of Recruitment and Appointment or Election of Trustees

The articles of the academy state that the Board of Trustees should be constituted as follows:

- There should always be a minimum of three Trustees appointed by the members of the trust.
- The Principal Sponsor of the Trust may appoint up to nine Principal Sponsor Trustees or such greater numbers as required such that a majority of Governors are Principal Sponsor Governors.
- The Co-Sponsors of the Trust may appoint up to three Co-Sponsor Trustees.
- The Principal shall be treated for all purposes as being an ex officio Trustee.
- Two Parent Trustees.

The Parent Trustees shall be elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time of their election. The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Trustees, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Trustees which is contested shall be held by secret ballot. During the year Ms R Sheppard resigned as Parent Trustee and therefore the Academy will again be actively seeking Parent Trustees.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Method of Recruitment and Appointment or Election of Trustees – continued

Where a vacancy for a Parent Trustee is required to be filled by election, the Trustee Board shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as candidate, and vote at the election, and given an opportunity to do so.

In appointing a Parent Trustee, the Trustee Board shall appoint a person who is the parent of a registered pupil at the Academy, or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The Trustee Board may appoint co-opted Trustees. A Co-opted Trustee means a person who is appointed to be a Trustee by being co-opted by Trustees who have not themselves been so appointed.

The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee, the Trustee may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

The induction provided for new Trustees is tailored to their existing experience, with training provided on charity, educational, legal and financial matters as necessary. Copies of the policies, procedures, minutes, accounts, budget, plans and any other necessary documents that they will need to undertake their role as a Trustee will be made available.

Induction tends to be done informally and is tailored specifically to the individual.

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 Trustees, 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 Trustees 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 Principal.

The Senior Leadership Team is led by the Principal and comprises of a Senior Vice Principal, Vice Principal, two 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 Trustees and reporting back to them on progress. The Principal and other key senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Interview panels for posts in the Senior Leadership Team, always contain a Trustee. Some spending control is devolved to members of the Middle Leadership Team, with limits above which a Senior Leader must countersign.

The wider Middle Leadership Team includes 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.

Arrangements for setting pay and remuneration of key management personnel

The Marsh Academy remunerates staff according to clear guidelines as laid out in our pay policy. Pay reviews are carried out annually as part of the Annual Appraisal Review of all staff. Any changes in pay are made based on clear guidelines that relate to performance, these are monitored and agreed by sub-committee of the Governing Body who give the final approval.

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Arrangements for setting pay and remuneration of key management personnel - continued

Teachers Pay is related to performance against the Teachers' Standards and consideration is given to a range of performance criteria including student outcomes and lesson observations.

Starting pay is negotiated on prior experience and at the discretion of the Principal, following the criteria as described in the pay policy.

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 19 to the financial statements.

Connected Organisations, including Related Party Relationships

Skinners, Kent County Council, Microsoft PLC and Tonbridge School are sponsors to The Marsh Academy and since the Academy's founding have donated £2,148,065 (2016: £2,118,550) to assist the Academy in achieving its objectives.

OBJECTIVES AND ACTIVITIES

Principal Activities

The principal activity as laid out in the company Articles of Association is as follows:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum with a strong emphasis on, but in no way limited to business and enterprise ("the Academy").

In addition, the trust has the following secondary activities, also laid out in the Articles of Association.

- To provide or assist in the provision, in the interests of social welfare, of opportunities for recreation or other leisure time occupation for people who have need of such opportunities with the aim of improving the conditions of life of such persons.
- To develop the capacity and skills of those inhabitants of the Area of Benefit who are socially and economically disadvantaged in such a way they are better able to identify, and help meet, their needs and to participate more fully in society;
- To relieve poverty among the inhabitants of the Area of benefit;
- To relieve unemployment in the Area of Benefit for the benefit of the public in such ways as may be thought fit, including assistance to find employment.
- To advance the health of the inhabitants of the Area of Benefit.

Objects and Aims

The principal objects and activity of the 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 additionally aims to share its facilities for the wellbeing of the local community. In setting the objectives and planning the activities the Trustees have given careful consideration to the Companies Act 2006 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 students includes the Romney Marsh and an area eastward towards Hythe. The Academy welcomes pupils from all backgrounds.

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2017

OBJECTIVES AND ACTIVITIES – continued

Objectives

The main objectives of the Academy during the year ended 31 August 2017 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;
- 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 Vision and Ethos document which can be found under the info tab at www.marshacademy.org.uk

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 orientated way; and
- a careers advisory programme to help students obtain employment or move on to further or higher education.

Public Benefit

The Trustees confirm that they have complied with the duties in Section 17(s) of the Charities Act 2011 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 Commissions general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

The public benefit of The Marsh Academy is the advancement of education within the local community.

Equal opportunities policy

The Trustees 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 Main Building, Theatre block, the Leisure centre and the MACH. 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.

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2017

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Examination results for 2017 appear to have built on 2016 results, which made the Academy one of the highest performing non selective schools in the area and an above average school in terms of progress of students from their entry to the Academy. Similarly, results at Post 16 are positive with Vocational courses out performing Academic courses.

Increasing student numbers show an increasing popularity of the Academy amongst the local community with a greater number of people willing to travel further to attend the Academy or choosing to send their children to the Academy despite being eligible to attend the local grammar schools. The Academy is over-subscribed in year 7 for the first time.

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 GCSE and from GCSE to A level to assess progress.

The Academy also has a rigorous system of monitoring progress against challenging targets and for managing the performance of staff. The trustees also make regular individual visits to inspect aspects of the academy's operation on a rotation basis.

Key Financial Performance Indicators

Staff costs as a percentage of total income (excluding the Leisure Centre and MACH) for 2016/17.

	Budget 2017 %	Actual 2017 %	Actual 2016 %
Teaching staff	53.3	51.7	51.1
Educational support staff	13.4	12.1	12.2
Other academy support staff	19.2	15.7	15.8
Total staff	<u>85.9</u>	<u>79.5</u>	<u>79.1</u>

	Budget	Actual
Catering (subsidy) / surplus per pupil		
2013/14	£8.21	£29.31
2014/15	(£0.31)	£31.42
2015/16	£4.57	£41.43
2016/17	£15.04	£38.05
Leisure centre (subsidy) / surplus		
2013/14	£7,551	(£6,606)
2014/15	£7,225	£36,666
2015/16	£16,744	£34,620
2016/17	£29,512	£49,396

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2017

Going Concern

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

FINANCIAL REVIEW

The Academy's accounting period covers the year to 31 August 2017.

The majority of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed assets 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 2017, total expenditure was £6,586,698 (2016: £6,185,407) and recurrent grant funding from the DfE together with other incoming resources amounted to £5,568,218 (2016: £5,485,820). (The deficit for the year of £1,018,480 included expenses of £936,147 comprising of depreciation, impairment of fixed assets and pension fund adjustments as detailed in note 7 and note 12.)

At 31 August 2017, the net book value of tangible fixed assets was £16,137,654 (2016: £16,619,708) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education including associated support services to the pupils of the Academy and furthering the other Objects of the Marsh Academy.

Reserves Policy

The Trustees 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.

The Academy's current level of reserves, excluding fixed asset reserves, is £773,010 (2016: £865,224), broken down between unrestricted reserves of £773,010 (2016: £611,896) and a restricted reserves of £Nil (2016: £253,328).

The Trustees review the reserve levels of the Academy annually. This encompasses a review of both the income and expenditure streams, taking into account the current funding problems facing the Academy with increasing student numbers being unfunded due to the lagged funding method adopted by the ESFA. This together with the uncertainties of the new funding formula and the anticipated lifting of the public sector pay cap, means that Governors need to retain reserves to cover anticipated deficits over the next few years, until student numbers level off and funding is received in year for students on roll.

Funds in Deficit

The Local Government Pension Scheme is stated in the accounts to be in deficit in the sum of £4,842,000 (2016: £5,705,000) as at the balance sheet date. It should be noted however that this deficit will not crystallise within the foreseeable future and that the academy follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. The advised level of contributions has been taken into account when preparing the academy's budgets for the year ended 31 August 2017.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2017

FINANCIAL REVIEW – continued

INVESTMENT POLICY

Surplus Funds

Surplus funds held by The Marsh Academy will either be invested in the Barclays Treasury Deposit Account or placed with the money market on a fixed term basis.

The decision to invest will have due regard to the liquidity requirements of the Academy and will depend on the amount, the return being offered and the associated risk. All funds invested on the money market will be agreed by the Personnel and Finance Committee and will only be placed with banks and building societies with assets valued in excess of £1 billion, as these institutions carry lower risk.

The Endowment Fund

The Marsh Academy is the Trustee for the Endowment Fund.

Under the terms of the Deed of Gift dated 24th July 2007 the Trustee has powers of investment. The Trustee must invest the fund in a prudent manner and after taking appropriate professional advice.

During 2010/11 the Marsh Academy invested £500,000 in the UK Equitrack Fund controlled by the Charities Aid Foundation and £350,000 in the Charibond fund controlled by M&G Securities Ltd. The market value of the investments as at 31st August 2017 was £1,182,661 (2016: £1,107,939).

PRINCIPAL RISKS AND UNCERTAINTIES

Financial and Risk Management Objectives and Policies

The Trustees 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 Trustees 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 in order to minimise 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 statement of internal financial controls.

The Trustees have considered the risks presented to the Academy and have implemented policies and systems to mitigate these risks. The Academy will continue to manage these risks, through a series of performance reviews, monitoring and efficiency evaluation, to ensure that any future annual deficit can be met by reserves. The Trustees have deemed the following risks to be of most serious consequence to the Academy:

- Changes to Government policy on Education;
- Changes to Education priorities by the Government;
- Pressure on funding as a result of Government Fiscal Policy;
- Loss of a key member of the Senior Leadership Team;
- Impact of an uncontrollable event e.g. fire or flood;
- Major injury or a health & safety issue or environmental incident;
- Changes to Pension policy or funding for the TPS and LGPS.

The plans and strategies employed to manage the above risks are explained in the Governance Statement on pages 12 - 14.

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2017

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.

The most recent Ofsted inspection in 2017, confirmed that the Academy is 'Still Good' in every area.

The Academy aims in the future to improve our links with the wider community. The aim is to establish ways to benefit the wider community and to offer direct access to the Academy's facilities, curricular materials and the expertise of Academy staff.

The Marsh Academy is known in the community for its excellent Leisure Centre and new buildings, which offer outstanding provision for both practical and academic study, as well as Community use.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Marsh Academy holds the capital (£850,000) of the Endowment Fund under the Deed of Gift dated 24th July 2007. See Investment Policy above.

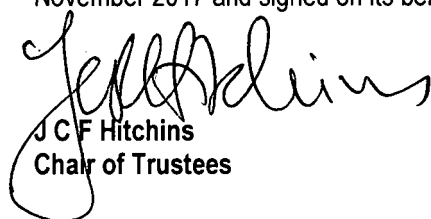
The capital of £850,000 was donated by Kent County Council and The De Haan Charitable Trust.

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the 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.

Trustees' report incorporating a strategic report approved by order of the members of the Board of Trustees on 28th November 2017 and signed on its behalf by:



J C F Hitchins
Chair of Trustees

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Marsh Academy 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 Principal, 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 The Marsh Academy and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information included on Governance here supplements that described in the Trustees report and in the statement of Trustees responsibilities. The full Board of Trustees has formally met 4 times during the financial year ending 31st August 2017 and attendance during that period at meetings of the Board of Trustees were as follows:

Trustee	Meetings attended	Out of a possible
J C F Hitchins	4	4
N V Brotherton	4	4
P C Braggins	4	4
L A Burrows	3	4
H C K Carson	3	4
M E Fry	2	4
H Hadfield	1	2
T H P Haynes	3	4
S M Miles	2	2
A C Moore	2	4
L B Ridings	0	4
D W J Searle	2	2
R Sheppard	0	2
S Simmons	4	4
A S H Smyth	1	1
V J Soutar	0	4
L Sheppard	0	0

Key changes to the composition of the Board are detailed on page 4 of the Report of the Trustees.

The Personnel and Finance committee is a subcommittee of the main Board of Trustees. Its purpose is to effectively plan and monitor the financial resources of the academy and to undertake the role of the Audit Committee. Attendance at meetings during the financial year ending 31st August 2017 is shown below.

Trustees on Personnel and Finance Committee	Meetings attended	Out of a possible
N V Brotherton	4	4
M E Fry	3	4
J C F Hitchins	4	4
A C Moore	3	4
D W J Searle	2	2
S Simmons	4	4

Governance Review

During the year, the Review of Governance arrangements, including skills audit, was undertaken and no shortfalls in any areas were found.

The Board of Trustees review Governance arrangements annually and this involves a skills audit.

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017

Review of Value for Money

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

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

- Improving the quality of teaching so that the results of the Academy can be maintained in order to attract an ever-increasing student roll year on year, as well as being known as a centre of excellence in education.
- Reviewing the structure of the senior management team to ensure the split of responsibilities is in line with experience and qualification of those senior managers and at the same time ensuring that all departments have the full backing of the senior management team in achieving the maximum efficiency and results within the departments.
- Transparency of spending within the senior leadership and middle management teams to create more awareness within the full management team of the importance in obtaining value for money.
- Ensuring the best value for money is obtained on purchases by obtaining quotes from multiple sources and negotiating for the best prices possible within the market.
- Ensuring that all expenditure is essential for the improvement of education within the Academy.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 The Marsh Academy for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2017 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's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017

The Risk and Control Framework (continued)

The Board of Trustees has considered the need for a specific internal audit function and has decided in partnership with Folkestone School for Girls Academy Trust to carry out each other's internal audit responsibilities. Nathalie Foster the Finance Manager of The Folkestone School for Girls Academy Trust conducts quarterly internal audit visits to The Marsh Academy; these visits include testing procedures on behalf of the Responsible Officer. Mr M E Fry carried out the duties of Responsible Officer ('RO') during the financial year ending 31st August 2017. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems, and discharges these duties by the reciprocal arrangements with Folkestone School for Girls. In particular the checks carried out in the period included the testing and review of:

- payroll and personnel systems
- purchase processing and creditor ledger
- expense claims
- controls over credit cards
- completeness of ESFA income
- completeness of other income
- bank and cash control accounts
- trips
- sales processing and debtor ledger
- previous RO report findings
- previous external audit findings

On a quarterly basis, the RO reports to the Finance Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The Board of Trustees confirms that the RO function has been fully delivered in line with the ESFA's requirements and that no material control issues were identified during these visits.

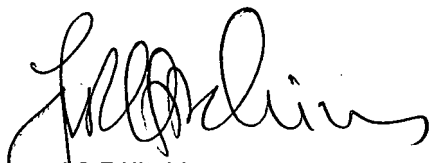
Review of Effectiveness

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

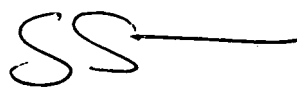
- the work of the Peer reviewer for the Responsible Officer;
- the work of the external auditor; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Personnel and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 28th November 2017 and signed on its behalf by:



J C F Hitchins
Chair of Trustees



S Simmons
Accounting Officer

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2017

As Accounting Officer of The Marsh Academy, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 2016.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of 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 2016.

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.

A handwritten signature consisting of the letters 'SS' followed by a horizontal line.

S Simmons
Accounting Officer
Dated: 28th November 2017

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees of The Marsh Academy (who are also the Directors of the company for the purposes of company law) are responsible for preparing the Trustees Report and the financial statements in accordance with the Annual 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 Academy and of its incoming resources and application of resources, including the income and expenditure, of the Academy for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 academy 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 Academy 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 the Education and Skills Funding Agency and Department for Education 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 Academy'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 on 28th November 2017 and signed on its behalf by:



J.C.F Hitchins
Chair of Trustees

REPORT OF THE INDEPENDENT AUDITOR 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 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 issued by the Education and Skills Funding Agency.

This report is made solely to the company'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 auditor's 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 the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Opinion on financial statements

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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006; the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 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 Auditor's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Opinions 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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 16], 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

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



Date: 28th November 2017

INDEPENDENT REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY TO THE MARSH ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 issued by the Education Funding Agency, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Marsh Academy during the year ended 31 August 2017 have been applied to the purpose identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Marsh Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Marsh Academy and the 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 The Marsh Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective Responsibilities of The Marsh Academy's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of The Marsh Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purpose 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 2016 to 2017. 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 ended 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 issued by the 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.

The work undertaken to draw our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the Reviewer during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement between The Marsh Academy and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

INDEPENDENT REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY
TO THE MARSH ACADEMY AND THE EDUCATION FUNDING AGENCY

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clair Rayner FCA DChA (Reporting Accountant)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 28th November 2017

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Endowment Funds £	31.08.17 Total Funds £	31.08.16 Total Funds £
INCOME AND ENDOWMENTS FROM:							
Donations and capital grants	2	28,481	29,515	125,195	-	183,191	52,558
Charitable activities:							
Funding for the Academy's educational operations	5	235,862	4,669,347	-	-	4,905,209	4,883,514
Leisure, recreation and community	5	372,004	-	-	-	372,004	356,331
Other trading activities	3	89,652	-	-	-	89,652	170,197
Investments	4	18,162	-	-	-	18,162	23,220
Total		744,161	4,698,862	125,195	-	5,568,218	5,485,820
EXPENDITURE ON:							
Raising funds	6	29,156	183,375	-	-	212,531	172,955
Charitable activities:							
Academy's educational operations	7	128,111	5,282,531	614,461	-	6,025,103	5,672,615
Leisure, recreation and community	7	349,064	-	-	-	349,064	339,837
Total	6	506,331	5,465,906	614,461	-	6,586,698	6,185,407
Net income / (expenditure)		237,830	(767,044)	(489,266)	-	(1,018,480)	(699,587)
Gross transfers between funds	19	(76,716)	76,716	-	-	-	-
Net income/(expenditure) for the year before other recognised gains and losses – carried forward		161,114	(690,328)	(489,266)	-	(1,018,480)	(699,587)

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Endowment Funds £	31.08.17 Total Funds £	31.08.16 Total Funds £
Net income/(expenditure) for the year before other recognised gains and losses – brought forward		161,114	(690,328)	(489,266)	-	(1,018,480)	(699,587)
Other recognised gains/losses							
Gains/(Losses) on investment assets	13 & 19	-	-	-	74,722	74,722	119,597
Actuarial Gains/(losses) on defined benefit pension schemes	19 & 23	-	1,300,000	-	-	1,300,000	(2,617,000)
Net movement in funds		161,114	609,672	(489,266)	74,722	356,242	(3,196,990)
RECONCILIATION OF FUNDS							
Total funds brought forward		611,896	(5,451,672)	16,675,302	1,107,939	12,943,465	16,140,455
TOTAL FUNDS CARRIED FORWARD		773,010	(4,842,000)	16,186,036	1,182,661	13,299,707	12,943,465

All of the Academy's activities derive from continuing operations during the above two financial periods.

A separate Statement of Changes in Equity is not required as all gains and losses are included in the Statement of Financial Activities.

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AS AT 31 AUGUST 2017

		31.08.17 £	31.08.17 £	31.08.16 £	31.08.16 £
	Notes				
FIXED ASSETS					
Tangible assets	12		16,137,654		16,619,708
Investments	13		<u>1,182,661</u>		<u>1,107,939</u>
			17,320,315		17,727,647
CURRENT ASSETS					
Stocks	14	9,652		12,232	
Debtors: amounts falling due within one year	15	80,098		101,756	
Cash at bank and in hand		<u>1,343,876</u>		<u>1,433,529</u>	
		1,433,626		1,547,517	
LIABILITIES					
Amounts falling due within one year	16	<u>(612,234)</u>		<u>(626,699)</u>	
NET CURRENT ASSETS			<u>821,392</u>		<u>920,818</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			18,141,707		18,648,465
Pension scheme liability	23		<u>(4,842,000)</u>		<u>(5,705,000)</u>
TOTAL NET ASSETS			<u>13,299,707</u>		<u>12,943,465</u>
FUNDS OF THE ACADEMY:					
ENDOWMENT FUNDS	19	<u>1,182,661</u>		<u>1,107,939</u>	
			1,182,661		1,107,939
RESTRICTED FUNDS					
Fixed asset funds	19	16,186,036		16,675,302	
General funds	19	-		253,328	
Pension fund	19	<u>(4,842,000)</u>		<u>(5,705,000)</u>	
TOTAL RESTRICTED FUNDS			11,344,036		11,223,630
UNRESTRICTED FUNDS					
General funds	19	724,241		563,238	
Designated funds	19	<u>48,769</u>		<u>48,658</u>	
TOTAL UNRESTRICTED FUNDS			<u>773,010</u>		<u>611,896</u>
TOTAL FUNDS			<u>13,299,707</u>		<u>12,943,465</u>

The financial statements on pages twenty one to forty six were approved by the Trustees, and authorised for issue on 28th November 2017 and signed on their behalf by:


J C F Hitchins
 Chair of Trustees

Company Registered Number: 06202969

The notes form part of these financial statements
 Page 23

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

		31.08.17	31.08.16
	Notes	£	£
Cash flows from operating activities			
Net cash used in operating activities	1	(215,918)	(64,809)
Cash flows from investing activities	2	126,265	(77,047)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(89,653)	(141,856)
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2016		<u>1,433,529</u>	<u>1,575,385</u>
Cash and cash equivalents at 31 August 2017		<u>1,343,876</u>	<u>1,433,529</u>

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017

1. Reconciliation of net expenditure to net cash flow from operating activities

	31.08.17	31.08.16
	£	£
Net (expenditure) for the period	(1,018,480)	(699,587)
Depreciation charges (note 6)	418,599	515,498
Impairment loss (note 12)	80,000	-
Net loss on disposal of fixed assets	547	352
Capital grants from DfE and other capital income	(125,195)	(17,978)
Interest received (note 4)	(18,162)	(23,220)
Defined benefit pension scheme cost less contributions payable (note 23)	312,000	102,000
Defined benefit pension scheme pension finance costs (note 23)	125,000	110,000
Defined benefit pension scheme administration costs (note 23)	-	2,000
(Increase)/Decrease in stocks	2,580	191
(Increase)/Decrease in debtors	21,658	(16,435)
Increase/(Decrease) in creditors	(14,465)	(37,630)
Net cash used by operating activities	<u>(215,918)</u>	<u>(64,809)</u>

2. Cash flows from investing activities

Dividends and Interest from Investments	18,162	23,220
Sale of tangible fixed assets	213	-
Purchase of tangible fixed assets	(17,305)	(118,245)
Capital grants from DFE/ESFA	<u>125,195</u>	<u>17,978</u>
Net cash used by investing activities	<u>126,265</u>	<u>(77,047)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical 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 2016 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

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 company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements 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.

Income

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

Grants receivable

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 period 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 grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship Income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where the receipt is probable and it can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES – continued

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Leasehold property donated

The land and buildings from which the academy operates are leased from Kent County Council for a period of 125 years. Rentals payable in respect of this lease are one peppercorn per annum. Under the terms of the lease the risks and rewards of ownership have been substantially transferred to The Marsh Academy and accordingly to reflect its use, the value of the property has been included in fixed assets with an appropriate credit to voluntary income within the Statement of Financial Activities. The cost of the new building was £15,128,000 however; due to the specialist nature of the property it has been valued in accordance with accounting standards at depreciated replacement value.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

- **Expenditure on raising funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

These are costs incurred on the academy trust's educational and leisure 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.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES - continued

Tangible fixed assets - continued

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. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund

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

Freehold buildings	- straight line over 50 years
Leasehold land and buildings	- straight line over 50 years or length of lease if shorter
Leasehold improvements	- straight line over 50 years
Plant and machinery	- straight line over 6 - 7 years
Fixtures and fittings	- straight line over 4 years
Motor vehicles	- straight line over 4 years
Computer equipment	- straight line over 3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

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.

Endowment fund

The DeHaan Charitable Trust and Kent County Council have gifted monies to be held for the benefit of the Marsh Academy Endowment Fund. The results of the endowment fund have been aggregated with those of the academy in accordance with section 96 (6) of the charities act 1993. The endowment funds are invested into bonds which are included in the financial statements at market value. Any changes in market value are reflected in the statement of total recognised gains and losses.

Interest earned in respect of the endowment fund is credited to unrestricted funds as this is for the use of the academy in the furtherance of its charitable objects.

Leased assets

Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Stock

Leisure Centre and catering stocks are valued at the lower of cost and net realisable value, on a first in first out basis, after making due allowance for obsolete and slow-moving items.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES – continued

Financial Instruments

The academy trust only holds basic financial instruments as defined by FRS 102. The Financial assets and financial liabilities of the academy and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised costs as detailed in note 15. Prepayments are not financial instruments. Cash at bank- is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments 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 service rather than cash or another financial instrument.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension benefits

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. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 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.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency/Department for Education and Kent County Council.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES – continued

Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid, and any balances held, are disclosed in note 18.

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. 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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. In addition due to changes in the French property market and the uncertainties surrounding 'Brexit' the Trustees have identified an impairment in the value of freehold property as disclosed in note 12.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds £	31.08.17 Total Funds £	31.08.16 Total Funds £
Capital grants	-	125,195	125,195	17,978
Other donations – staff time and salary costs	-	29,515	29,515	34,495
Other donations	28,481	-	28,481	85
	<u>28,481</u>	<u>154,710</u>	<u>183,191</u>	<u>52,558</u>
(2016: unrestricted £85, restricted £52,473).				

3. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	31.08.17 Total Funds £	31.08.16 Total Funds £
Shop income	1,342	-	1,342	1,217
Fundraising events	4,196	-	4,196	12,979
School uniform sales	20,905	-	20,905	19,798
Letting of premises	8,365	-	8,365	23,131
Miscellaneous school income	54,844	-	54,844	113,072
	<u>89,652</u>	<u>-</u>	<u>89,652</u>	<u>170,197</u>
(2016: unrestricted £170,197, restricted £Nil)				

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

4. INVESTMENTS

	Unrestricted Funds £	Restricted Funds £	31.08.17 Total Funds £	31.08.16 Total Funds £
Deposit account interest	5,037	-	5,037	9,145
Endowment fund interest	13,125	-	13,125	14,075
	<u>18,162</u>	<u>-</u>	<u>18,162</u>	<u>23,220</u>

(2016 : unrestricted £23,220, restricted £Nil)

5. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	31.08.17 Total Funds £	31.08.16 Total Funds £
DfE/ESFA REVENUE GRANTS				
General Annual Grant (GAG)	-	4,131,190	4,131,190	3,983,224
Other DfE/ESFA grants	-	376,684	376,684	380,167
	<u>-</u>	<u>4,507,874</u>	<u>4,507,874</u>	<u>4,363,391</u>
OTHER GOVERNMENT GRANTS				
Other grant income – Local Authority	-	156,881	156,881	252,762
Other income from the Academy Trust's educational operations	235,862	4,592	240,454	267,361
Total education operations	<u>235,862</u>	<u>4,669,347</u>	<u>4,905,209</u>	<u>4,883,514</u>

(2016: unrestricted £193,350, restricted £4,690,164)

LEISURE, RECREATION AND COMMUNITY

Leisure centre income	365,801	-	365,801	335,383
Marsh Academy Community Hub (MACH)	6,203	-	6,203	20,948
	<u>372,004</u>	<u>-</u>	<u>372,004</u>	<u>356,331</u>

(2016 : unrestricted £356,331, restricted £Nil)

TOTAL INCOME FROM CHARITABLE ACTIVITIES	<u>607,866</u>	<u>4,669,347</u>	<u>5,277,213</u>	<u>5,239,845</u>
--	----------------	------------------	------------------	------------------

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

6. EXPENDITURE

	Staff Costs £	Premises Costs £	Other Costs £	31.08.17 Total £	31.08.16 Total £
Costs of generating voluntary income			29,515	29,515	34,495
Costs of activities for generating funds			183,016	183,016	138,460
<i>Academy's educational operations</i>					
Direct costs	3,764,926	-	784,016	4,548,942	4,426,049
Allocated support costs	873,473	447,724	154,964	1,476,161	1,246,566
<i>Leisure, recreation and community</i>					
Allocated support costs	310,892	30,942	7,230	349,064	339,837
	<u>4,949,291</u>	<u>478,666</u>	<u>1,158,741</u>	<u>6,586,698</u>	<u>6,185,407</u>

Incoming/outgoing resources for the year include:

	31.08.17 £	31.08.16 £
Auditors' remuneration	7,210	7,000
Auditors' remuneration for non-audit work	1,991	1,418
Depreciation – owned assets	418,599	515,498
Impairment	80,000	-
Loss on disposal of fixed assets	<u>548</u>	<u>352</u>

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS AND LEISURE, RECREATION AND COMMUNITY

	Unrestricted Funds £	Restricted Funds £	31.08.17 Total £	31.08.16 Total £
Direct costs				
Teaching and educational support staff costs	426,871	3,338,055	3,764,926	3,655,704
Depreciation	-	338,019	338,019	416,058
Impairment on tangible fixed assets	-	80,000	80,000	-
Net Loss on disposal of assets	-	548	548	352
Educational supplies	-	42,988	42,988	43,914
Equipment and IT purchases	-	56,272	56,272	70,110
Examination fees	-	81,266	81,266	98,334
Staff development	-	11,466	11,466	7,018
Recruitment and support	-	11,633	11,633	129
Educational consultancy	-	59,298	59,298	47,086
Other direct costs	-	102,526	102,526	87,344
	<u>426,871</u>	<u>4,122,071</u>	<u>4,548,942</u>	<u>4,426,049</u>
Allocated support costs - Academy Educational Operations and Leisure, recreation and Community				
Support staff costs	-	747,365	747,365	740,684
FRS 102 Service cost adjustment	-	312,000	312,000	102,000
Depreciation	-	80,580	80,580	99,440
Premises Expenses	21,447	191,360	212,807	124,549
Professional fees	475	9,626	10,101	4,489
Rent, rates and water	7,827	86,547	94,374	97,233
Insurance	-	22,016	22,016	55,339
Travel and subsistence	4,344	2,048	6,392	17,780
Light and heat	9,306	120,179	129,485	131,467
Bank interest and charges	4,927	409	5,336	5,598
FRS102 interest less expected return on assets	-	123,000	123,000	110,000
FRS102 Administration Charge	-	2,000	2,000	2,000
Governance costs (note 8)	-	9,201	9,201	8,418
Other support costs	1,978	68,590	70,568	87,406
	<u>50,304</u>	<u>1,774,921</u>	<u>1,825,225</u>	<u>1,586,403</u>
	<u>477,175</u>	<u>5,896,992</u>	<u>6,374,167</u>	<u>6,012,452</u>

(2016: unrestricted £515,327, restricted £5,497,125).

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

8. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	31.08.17 Total £	31.08.16 Total £
Auditor's remuneration				
Audit of financial statements	-	7,210	7,210	7,000
Accounts preparation	-	1,991	1,991	1,418
	<u>-</u>	<u>9,201</u>	<u>9,201</u>	<u>8,418</u>

(2016: unrestricted £nil, restricted £8,148).

9. STAFF COSTS

a. Staff costs

Staff costs during the year were:

	31.08.17 £	31.08.16 £
Wages and salaries	3,559,180	3,492,039
Social security costs	320,320	276,205
Pension costs	548,836	548,478
Apprenticeship Levy	1,082	-
FRS 102 service cost adjustment	437,000	102,000
	<u>4,866,418</u>	<u>4,418,722</u>
Supply teacher costs	<u>82,873</u>	<u>79,666</u>
	<u>4,949,291</u>	<u>4,498,388</u>

b. Non-statutory/ non-contractual staff severance payments

There were two non-statutory / non-contractual severance payments made during the year under review. One of £15,000 and one of £9,000 (2016: £nil).

c. Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year expressed as full time equivalents and head count was as follows:

	31.08.17		31.08.16	
Charitable activities	Head count	FTE	Head count	FTE
Teachers and educational support	76	67	75	63
Administration and support	47	30	50	32
Leisure and recreation	18	8	18	11
Management	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
	<u>147</u>	<u>111</u>	<u>149</u>	<u>112</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

9. STAFF COSTS – continued

d. Higher paid staff

The number of employees whose emoluments fell within the following bands (pro-rated) was:

	31.08.17	31.08.16
£60,000 - £70,000	2	3
£120,000 - £130,000	<u>1</u>	<u>1</u>

Two (2016: Three) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £31,407 (2016: £40,795). One employee (2016: One) participated in the local government pension scheme. During the year ended 31 August 2017 pension contributions for this member of staff was £13,996 (2016: £13,334).

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits received by Key Management Personnel during the period under review for their services to the academy trust (including employer pension contributions) was £614,283 (2016: £600,276).

10. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One of the trustees has been remunerated or has received other benefits from an employment with the academy trust. The principal only receives remuneration in respect of services he provides undertaking the role of principal under his contract of employment, and not in respect of his role as a trustee. The value of his remuneration in this role was as follows:

S Simmons (Principal)	
Remuneration	£120,000 - £130,000 (2016: £110,000 - £120,000)
Employers' pension contributions	£20,000 - £25,000 (2016: £15,000 - £20,000)

Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees.

During the year ended 31 August 2017, travel and subsistence expenses totalling £Nil (2016: £Nil) were reimbursed to Trustees.

Other related party transactions involving the Trustees are set out in note 24.

11. 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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

12. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Leasehold Improvements £	Plant and machinery £
COST				
At 1 September 2016	650,000	17,379,345	177,340	65,479
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 August 2017	<u>650,000</u>	<u>17,379,345</u>	<u>177,340</u>	<u>65,479</u>
DEPRECIATION				
At 1 September 2016	460,000	1,309,370	20,202	57,634
Charge for year	10,000	309,318	3,547	1,776
Eliminated on disposal	-	-	-	-
Impairment	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2017	<u>550,000</u>	<u>1,618,688</u>	<u>23,749</u>	<u>59,410</u>
NET BOOK VALUE				
At 31 August 2017	<u>100,000</u>	<u>15,760,657</u>	<u>153,591</u>	<u>6,069</u>
At 31 August 2016	<u>190,000</u>	<u>16,069,975</u>	<u>157,138</u>	<u>7,845</u>
	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2016	982,731	24,084	2,265,170	21,544,149
Additions	11,725	-	5,580	17,305
Disposals	<u>(650)</u>	<u>-</u>	<u>(99,480)</u>	<u>(100,130)</u>
At 31 August 2017	<u>993,806</u>	<u>24,084</u>	<u>2,171,270</u>	<u>21,461,324</u>
DEPRECIATION				
At 1 September 2016	914,063	24,084	2,139,088	4,924,441
Charge for year	23,317	-	70,641	418,599
Eliminated on disposal	<u>(651)</u>	<u>-</u>	<u>(98,719)</u>	<u>(99,370)</u>
Impairment	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
At 31 August 2017	<u>936,729</u>	<u>24,084</u>	<u>2,111,010</u>	<u>5,323,670</u>
NET BOOK VALUE				
At 31 August 2017	<u>57,077</u>	<u>-</u>	<u>60,260</u>	<u>16,137,654</u>
At 31 August 2016	<u>68,668</u>	<u>-</u>	<u>126,082</u>	<u>16,619,708</u>

The trustees have recognised an impairment on the academy's property in Azincourt, France, because of the current condition of the French property market and the ongoing uncertainties surrounding Brexit.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

13. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 September 2016	1,107,939
Revaluations	<u>74,722</u>
At 31 August 2017	<u><u>1,182,661</u></u>
NET BOOK VALUE	
At 31 August 2017	<u><u>1,182,661</u></u>
At 31 August 2016	<u><u>1,107,939</u></u>

14. STOCKS

	31.08.17 £	31.08.16 £
Unsold uniforms	8,243	10,858
Leisure Centre	<u>1,409</u>	<u>1,374</u>
	<u><u>9,652</u></u>	<u><u>12,232</u></u>

15. DEBTORS

	31.08.17 £	31.08.16 £
Trade debtors	247	3,148
VAT	43,125	30,017
Prepayments and accrued income	<u>36,726</u>	<u>68,591</u>
	<u><u>80,098</u></u>	<u><u>101,756</u></u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.08.17 £	31.08.16 £
Trade creditors	283,651	296,778
Accruals and deferred income (deferred income note 17)	<u>328,583</u>	<u>329,921</u>
	<u><u>612,234</u></u>	<u><u>626,699</u></u>

17. DEFERRED INCOME

	31.08.17 £	31.08.16 £
Deferred income at 1 September 2016	146,652	252,389
Resources deferred in the year	92,051	44,856
Amounts released from previous years	<u>(110,407)</u>	<u>(150,593)</u>
Deferred income at 31 August 2017	<u><u>128,296</u></u>	<u><u>146,652</u></u>

Deferred income represents income collected on behalf of other charities and income collected in respect of school trips.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

18. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31st August 2017, the trust received £27,170 (2016 - £29,173) and distributed £26,452 (2016 - £36,005) from the fund. An amount of £8,835 (2016 - £8,116) is included in trade creditors relating to undistributed funds that is repayable to the ESFA.

19. FUNDS

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2017 £
Endowment fund					
Endowment fund	1,107,939	-	-	74,722	1,182,661
Restricted fixed asset funds					
DfE/ESFA capital grants	246,737	125,195	(161,789)	-	210,143
Capital expenditure from GAG	23,065	-	(1,349)	-	21,716
Donated funds - Inclusion centre	3,070,148	-	(73,853)	-	2,996,295
Donated funds - ICT	70,689	-	(27,115)	-	43,574
Donated assets - Azincourt	190,000	-	(90,000)	-	100,000
Donated assets - New building	13,011,455	-	(246,377)	-	12,765,078
Capital expenditure from unrestricted reserves	63,208	-	(13,978)	-	49,230
	<u>16,675,302</u>	<u>125,195</u>	<u>(614,461)</u>	<u>-</u>	<u>16,186,036</u>
Restricted general funds					
General Annual Grant (GAG)	253,328	4,131,190	(4,461,234)	76,716	-
Pension reserve	(5,705,000)	-	(437,000)	1,300,000	(4,842,000)
Other DfE/ESFA grants	-	376,684	(376,684)	-	-
Other grant income	-	156,881	(156,881)	-	-
Other income	-	4,592	(4,592)	-	-
Donated services	-	29,515	(29,515)	-	-
	<u>(5,451,672)</u>	<u>4,698,862</u>	<u>(5,465,906)</u>	<u>1,376,716</u>	<u>(4,842,000)</u>
Total restricted funds	<u>12,331,569</u>	<u>4,824,057</u>	<u>(6,080,367)</u>	<u>1,451,438</u>	<u>12,526,697</u>
Unrestricted funds					
Unrestricted funds	563,238	743,877	(506,158)	(76,716)	724,241
Designated funds	48,658	284	(173)	-	48,769
Total unrestricted funds	<u>611,896</u>	<u>744,161</u>	<u>(506,331)</u>	<u>(76,176)</u>	<u>773,010</u>
Total funds	<u>12,943,465</u>	<u>5,568,218</u>	<u>(6,586,698)</u>	<u>1,374,722</u>	<u>13,299,707</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

19. FUNDS – continued

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

General Annual Grant (GAG)

Funds must be used for the normal running costs of the Academy. The Academy is allowed to carry forward funds in accordance with the Academies Financial Handbook, which is reviewed annually. Under the funding agreement with the secretary of state, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other restricted general funds

Funding is provided by Government grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

The pension liability has been 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.

Restricted fixed asset funds

Funding is provided by way of Government grants or capital expenditure from the GAG in order to acquire specified fixed assets for use by the Academy in achieving its educational objectives.

Endowment 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.

Unrestricted funds

Unrestricted funds can be used for any purpose at the discretion of the Academy.

Designated fund

A designated fund representing the monies held in the academy's voluntary fund.

Transfers between funds

The academy has not applied any of its unrestricted funds to purchase fixed assets during the period under review. Accordingly, there has been no transfer between unrestricted funds and restricted fixed asset funds. The academy has however transferred £76,716 from unrestricted reserves to cover the in-year GAG deficit.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Endowment funds	Total
	£	£	£	£	£
Tangible fixed assets	-	-	16,137,654	-	16,137,654
Investment	-	-	-	1,182,661	1,182,661
Current assets	833,854	551,390	48,382	-	1,433,626
Current liabilities	(60,844)	(551,390)	-	-	(612,234)
Pension scheme liability	-	(4,842,000)	-	-	(4,842,000)
	<u>773,010</u>	<u>(4,842,000)</u>	<u>16,186,036</u>	<u>1,182,661</u>	<u>13,299,707</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

21. CAPITAL COMMITMENTS

	31.08.17 £	31.08.16 £
Contracted but not provided for in the financial statements	-	-

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 £10 for the debts and liabilities contracted before he/she ceases to be a member.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION AND SIMILAR OBLIGATIONS

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 Kent County Council. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £63,823 (2016: £66,313) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% (2016: 16.48%) of pensionable pay which includes a 0.08% employer administration charge (2016: 0.08%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer pension costs paid to TPS in the period amounted to £311,157 (2016: £318,357). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION AND SIMILAR OBLIGATIONS – continued

Under the definitions set out in Financial Reporting Standard (FRS 102) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year to 31 August 2017 was £318,051 (2016: £310,228), of which employees' contributions totalled £76,637 (2016: £76,009) and employer's contributions totalled £241,414 (2016: £234,219).

The agreed employer contribution rate for the current year was 19.8% rising to 20% in April 2017, and between 2.75% - 12.5% for employees.

Parliament has agreed, at the request of the secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme Liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013

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

	31.08.17	31.08.16
Discount rate	2.6%	2.2%
Price increases	2.7%	2.3%
Future salary increases	4.2%	4.1%
Future pension increases	2.7%	2.3%
Commutation of pension to lump sums	50.0%	50.0%

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

	31.08.17	31.08.16
Retiring today		
Males	23.0	22.9
Females	25.1	25.3
Retiring in 20 years		
Males	25.2	25.2
Females	27.4	27.7

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£ +0.1%	£ 0.0%	£ -0.1%
Adjustment to discount rate			
Present value of total obligation	9,263,000	9,513,000	9,770,000
Projected service cost	518,000	533,000	549,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	9,831,000	9,513,000	9,206,000
Projected service cost	550,000	533,000	517,000

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION AND SIMILAR OBLIGATIONS – continued

Local Government Pension Scheme - continued

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	3,288,000	2,227,000
Gilts	33,000	30,000
Other bonds	450,000	352,000
Property	573,000	462,000
Cash	148,000	79,000
Target Return Portfolio	<u>179,000</u>	<u>143,000</u>
Total market value of assets	4,671,000	3,293,000
Present value of scheme liabilities		
-Funded	<u>(9,513,000)</u>	<u>(8,998,000)</u>
Surplus / (deficit) in the scheme	<u>(4,842,000)</u>	<u>(5,705,000)</u>

The actual return on scheme assets was £565,000 (2016: £394,000).

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

	Defined benefit pension plans 31.08.17 £	Defined benefit pension plans 31.08.16 £
Current service cost (net of employee contributions)	(312,000)	(102,000)
Net interest cost	(123,000)	(110,000)
Administration charge	<u>(2,000)</u>	<u>(2,000)</u>
Total operating charge	<u>(437,000)</u>	<u>(214,000)</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION AND SIMILAR OBLIGATIONS – continued

Local Government Pension Scheme - continued

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities to date is £3,191,000 (2016: £4,491,000).

Movements in the present value of the defined benefit obligations were as follows: 3

	Defined benefit pension plans 31.08.17 £	Defined benefit pension plans 31.08.16 £
Opening defined benefit obligation at 1 September	8,998,000	5,511,000
Current service cost	555,000	334,000
Contributions by scheme participants	78,000	76,000
Interest cost	198,000	221,000
Change in financial assumptions	(312,000)	2,900,000
Change in demographic assumptions	24,000	-
Loss on defined benefit obligation	14,000	-
Estimated benefits paid net of transfers in	(42,000)	(44,000)
Closing defined benefit obligation at 31 August	<u>9,513,000</u>	<u>8,998,000</u>

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

	Defined benefit pension plans 31.08.17 £	Defined benefit pension plans 31.08.16 £
Opening fair value of scheme assets at 1 September	3,293,000	2,637,000
Contributions by employer	243,000	232,000
Contributions by scheme participants	78,000	76,000
Interest on assets	75,000	111,000
Return on assets less interest	490,000	283,000
Other Actuarial gains/(losses)	536,000	-
Administration expenses	(2,000)	(2,000)
Estimated benefit paid net of transfers in and including unfunded	(42,000)	(44,000)
Closing fair value of scheme assets at 31 August	<u>4,671,000</u>	<u>3,293,000</u>

The estimated value of employer contributions for the year to 31 August 2018 is £248,800.

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

	31.08.17	31.08.16	31.08.15	31.08.14	31.08.13
Defined benefit pension plans					
Defined benefit obligation	(9,513,000)	(8,998,000)	(5,511,000)	(4,968,000)	(4,825,000)
Fair value of scheme assets	4,671,000	3,293,000	2,637,000	2,336,000	2,916,000
Surplus /(Deficit)	(4,842,000)	(5,705,000)	(2,874,000)	(2,632,000)	(1,909,000)
Experience adjustments on scheme assets			(89,000)	(928,000)	244,000
Experience adjustments on scheme liabilities	-	-	-	851,000	-

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

No related party transactions took place in the period of account.

THE MARSH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2017

25. COMPARATIVE PERIOD STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Endowment Fund £	31.08.16 Total Funds £
Income and endowments from:						
Donations and capital grants	2	85	34,495	17,978	-	52,558
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	5	193,350	4,690,164	-	-	4,883,514
Leisure, recreation and community	5	356,331	-	-	-	356,331
Other trading activities	3	170,197	-	-	-	170,197
Investments	4	23,220	-	-	-	23,220
Total income		743,183	4,724,659	17,978	-	5,485,820
Expenditure on:						
Raising funds	6	23,587	149,368	-	-	172,955
<i>Charitable activities:</i>						
Academy trust educational operations	7	175,490	4,981,627	515,498	-	5,672,615
Leisure, recreation and community	7	339,837	-	-	-	339,837
Total expenditure	6	538,914	5,130,995	515,498	-	6,185,407
Net income / (expenditure)		204,269	(406,336)	(497,520)	-	(699,587)
Transfers between funds	19	-	(1,050)	1,050	-	-
Net income/(expenditure) for the year before other recognised gains and losses		204,269	(407,386)	(496,470)	-	(699,587)
Other recognised (losses)/gains:						
Gains / (losses) on investment assets	13&19	-	-	-	119,597	119,597
Actuarial (losses) on defined benefit pension schemes	19&23	-	(2,617,000)	-	-	(2,617,000)
Net movement in funds		204,269	(3,024,386)	(496,470)	119,597	(3,196,990)
Reconciliation of funds						
Total funds brought forward		407,627	(2,427,286)	17,171,772	988,342	16,140,455
Total funds carried forward		611,896	(5,451,672)	16,675,302	1,107,939	12,943,465