

Registered number: 08850163 (England and Wales)

CASTLE Trust

(A company limited by guarantee)

Annual report and financial statements

For the year ended 31 August 2017

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CASTLE Trust
(A company limited by guarantee)

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Reference and administrative details
For the year ended 31 August 2017

Members

Rev H Burn
Mrs S Burt (resigned 6 September 2017)
Miss J Gundry
Mr B Hampton
Mr R King
Mr R Sanders (appointed 21 September 2017)

Directors

Mrs S Burt, Chair of Trust Board and Delce LGB Chair (resigned 6 September 2017)^{1,8}
Mr S Calvert, Chair of Audit & Resources Committee^{1,8}
Mrs J Hughes (resigned 8 March 2017)¹
Mrs C Kempster, Vice Chair and Delce LGB Chair (resigned 31 May 2017)^{2,5}
Mr R King^{1,8}
Mrs J Knight, Chief Finance Officer¹
Mr D Lynch (appointed 8 June 2017)¹
Mr C McCann (resigned 23 February 2017)¹
Ms S Pearce (resigned 11 April 2017)^{2,8}
Mr C Purchase, Acting Vice Chair (from 6 July 2017)¹
Ms K White, Chief Executive Officer^{3,4}
Mr K Johnson, Bridge LGB Chair⁷
Mr R Sanders, Greenway LGB Chair and Chair of Trust Board from 22 September 2017 (appointed 1 September 2016)⁷
Mr G Atkinson (appointed 6 October 2017)

- ¹ Member Appointed Director
- ² Parent Director
- ³ Delce Academy Principal
- ⁴ Principal
- ⁵ Delce Academy Director
- ⁷ Co-opted Director
- ⁸ Audit & Resources Committee Member

Company registered number

08850163

Company name

CASTLE Trust

Principal and registered office

Delce Academy
The Tideway
Rochester
Kent
ME1 2NJ

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Reference and administrative details of the Academy Trust, its directors and advisers
For the year ended 31 August 2017

Advisers (continued)

Company secretary

Prima Secretary Limited

Chief executive officer

Ms K White

Senior leadership team

Ms K White, Chief Executive Officer
Mrs J Knight, Chief Finance Officer
Mr D Alexander, Trust Business Manager
Mrs J Allen, Director of Teaching & Learning
Dr E Taaffe, Governance & Data Manager

Independent auditor

Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
Montague Place
Quayside
Chatham Maritime
Chatham
Kent
ME4 4QU

Bankers

Barclays Bank plc
263-265 High Street
Chatham
Kent
ME4 4BZ

Solicitors

Womble Bond Dickenson LLP
One Trinity
Broad Char
Newcastle-Upon-Tyne
NE1 2HF

CASTLE Trust
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Directors' report
For the year ended 31 August 2017

The directors present their annual report together with the financial statements and auditors' report of the charitable company for the period from 1st September 2016 to 31st August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company and charity law. The directors confirm that the Annual report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Academy Trust's governing document and the provisions of the Charities Statement of Recommended Practice (SORP) 2015.

CASTLE Trust (the Trust) operates two academies:

Delce Academy, for pupils aged 4 to 11 serving a catchment area across the Medway towns. It has a pupil admission number of 550 and had a roll of 495 in the 2015 autumn school census.

And;

Greenway Academy, for pupils aged 7 to 11 serving a catchment area across Horsham, West Sussex. It has a pupil admission number of 480 and had a roll of 364 in the 2015 autumn school census.

There are ongoing plans to expand the number of schools within the Trust.

Structure, Governance and Management

Constitution

The Trust, a multi-academy trust, is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Trust.

The directors of the charitable company are also its trustees.

Details of the directors who served throughout the year are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable 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.

Directors' Indemnities

Subject to the provision of the Companies Act 2006, the Academy Trust maintains Directors' and Officers' liability insurance, which gives appropriate cover for any liability incurred or legal action brought against them in their capacity as directors.

Principal Activity

The principal activity of the Academy Trust is specifically restricted to the following: 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 in, managing and developing schools that offer a broad and balanced curriculum.

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Directors' report (continued)
For the year ended 31 August 2017

Method of Recruitment and Appointment or Election of Directors

The current Articles of Association require that the Members may appoint up to six Directors through such process as they may determine.

The total number of directors (including the Chief Executive Officer, under the multi academy trust, or Principal, under the single academy trust) who are employees of the Trust must not exceed one third of the total number of directors.

The Trust must elect a minimum of two parent directors unless there are Local Governing Bodies which include at least two parent members. Parent directors are elected by parents of pupils registered at one or more of the Academies within the Trust. A parent director must be a parent of a pupil registered at one or more of the Academies within the Trust when they are elected. Any election of parent directors shall be held by secret ballot.

The chairs of each Local Governing Body within the Trust, rated 'Good' or better by Ofsted will also serve on the CASTLE Trust Board; these are termed Academy Trust Directors. If there are more than six Academies rated 'Good' or better by Ofsted within the Trust, then six Academy Directors will be elected at the beginning of each school year. The Chair of the Delce Academy Local Governing Body will always serve on the CASTLE Trust Board.

The principals/executive head teachers of each Academy within the Trust rated 'Good' or better by Ofsted will also serve on the CASTLE Trust Board; these are referred to as Principals. If there are more than six Academies rated 'Good' or better by Ofsted within the Trust, then six Principals will be elected at the beginning of each school year. The Principal of Delce Academy will always serve on the CASTLE Trust Board.

The directors may appoint up to three co-opted directors. Co-opted directors are persons appointed to be a director by being co-opted by directors who have not themselves been so appointed.

The term of office for any director is four years, except for a) the Chief Executive Officer (or formerly Principal), who will remain a director so long as he or she remains in office, b) the Academy Trust Directors, who will also serve on the CASTLE Trust Board for as long as they remain in office or for as long as they remain elected, c) the Principals, who will also serve on the CASTLE Trust Board for as long as they remain in office or for as long as they remain elected and c) Co-opted Directors, who are appointed for a term of one school year expiring on 31 August.

Subject to remaining eligible to be a particular type of director, any director may be re-appointed or re-elected.

Under the Articles of Association the directors are responsible for the appointment of the Local Governing Bodies of each Academy within the Trust, with the exception of parent governors for Local Governing Bodies who are elected through parents of pupils registered at the relevant academy. A scheme of delegation for each Local Governing Body is in place and this is regularly reviewed and the directors may alter or revoke this. Members of the Local Governing Bodies do not have to be directors of the Trust.

Policies and Procedures Adopted for the Induction and Training of Directors

The training and induction provided for new directors will depend on their existing experience. All directors are provided with the appropriate policies and documents they will need in order for them to undertake their role as a director, these include, but are not limited to, the current Trust Financial Procedures Manual and the Trust's Governance Toolkit. As there are normally only one or two new directors in a year, induction will be done informally and tailored specifically to the individual. Advantage will be taken of any relevant specific training opportunities offered by appropriate bodies. During the 2016/17 financial year, the Trust subscribed to the National Governance Association and the NGA Learning Link. As such, the directors and the Local Governing Body members have access to professional guidance and electronic training modules.

Please refer to the governance statement on page 12 regarding details of governance reviews and how the Trust ensures directors are up to date with relevant legislation and training.

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Directors' report (continued)
For the year ended 31 August 2017

Organisational Structure

The Members of the Trust provide oversight of the governance of the Trust using an 'eyes on, hands off' approach. The majority of Members are independent of the Trust Board. None of the Members are employed by the Trust. The Members appoint some of the Trust's directors (as outlined in Method of Recruitment and appointment or Election of Directors above) and amending the Articles of Association. The Members also appoint the Trust's auditors and receive the Annual Report and Financial Statements each year.

Directors have overall responsibility for the successful delivery of the Trust's aims and objectives by setting the strategic direction and policies of the Academies within it, overseeing and adopting annual plans, consolidating budgets and targets, monitoring the effective management of the Trust's finances and resources and ensuring that the quality of teaching and learning results in appropriate levels of attainment. Collectively the directors are referred to as the Trust Board. Below this there is one sub committee, the Audit & Resources Committee, and two panels, the Pay Panel and a CEO's Performance and Pay Review Panel.

Each of the academies in the Trust has its own Local Governing Body (LGB), including the Bridge, which is preparing to open in 2019.

Please refer to the governance report for further details of Board and sub committee meetings held and the individuals involved.

The Chief Executive Officer is responsible to the Board for following the strategic direction set by directors, for implementing the Trust's agreed policies and for ensuring the delivery of excellent teaching and learning that results in appropriate achievement.

The Chief Executive Officer is the Trust's Accounting Officer.

Bridge Free Special Educational Needs School

On 4 September 2015 the Secretary of State agreed that the CASTLE Trust application for the creation of a Free school, named the Bridge, should proceed to the pre-opening stage. The School will be a Special Educational Needs school, providing a specialist education for up to 40 children. The opening of the school is scheduled for September 2019, for which a Local Governing Body consisting of directors and other relevant individuals was set up. The LGB has now been created with full delegated authority from the board. The school will be based on the same site as the Delce Academy, but within new buildings. The arrangements for construction of these buildings are ongoing as is the appointment of a Headteacher, with provisional plans should these arrangements be delayed.

Arrangements for setting pay and remuneration of key management personnel

A CEO's Performance and Pay Review Panel and Pay Panel (the Panels) are in place to review the performance and pay for Key Management personnel. The Panels will meet at least once a year to evaluate the performance of Key Management personnel and, depending on the results of this, make reward decisions. The salary and rewards of Key Management Personnel are restricted by budgets and limited to bands which the Panels will review and agree upon.

Related Parties and other Connected Charities and Organisations

Greenway Academy

Greenway Academy formally joined the CASTLE Trust on 1st February 2017.

Prior to this, a Memorandum of Understanding with Greenway Academy, signed on 10th July 2015, was to the effect that the Chief Executive Officer, Ms K White, would work at Greenway for two days per week as interim Head-teacher, supporting the Academy's Senior Leadership Team. An extension to this agreement was signed on 11 March 2016.

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Directors' report (continued)
For the year ended 31 August 2017

Objectives and Activities

Objects and Aims

The aim of the Trust is to develop and lead a group of excellent schools, which derive mutual benefit from operating within a multi-academy structure, with each school offering a broad and balanced curriculum and with each of them achieving excellent results through the provision of an excellent education.

Objectives, Strategies and Activities

The main objectives of the Trust are:

- To raise the standard of educational achievement of all pupils;
- To ensure every child enjoys high quality teaching, resourcing and care;
- To improve effectiveness by keeping the curriculum and organisational structure under continuous review;
- Provide value for money for the fund expended;
- Comply with statutory and national curriculum requirements;
- Maintain close links with other local schools and the local community.

The priorities for the Trust are:

- To continue to improve standards of attainment and progress to national levels, as a minimum;
- To ensure all pupil groups achieve equally well, with particular regard to disadvantaged pupils, ensuring pupil premium funding is highly impactful;
- To ensure PE funding is used to raise awareness of healthy life styles, ensure all pupils have high quality first teaching in PE and to improve the engagement of pupils in competitive sport both within school and with the wider school community;
- To ensure high quality systems of assessment are used to inform teachers and parents about the next steps for our pupils, maximising their progress over Key Stage 2.
- To ensure policy, practise, support and challenge in school supports the school's pupils to achieve the new national targets in 2016;
- To ensure the school embraces the new National Curriculum requirements within its positive creative curriculum, benefitting all pupil groups in school and ensuring all pupils, irrespective of faith or ethnic background, understand and value British values;
- To ensure all pupils are safeguarded, learn to keep themselves safe in our technologically changing world and understand and respect diversity;
- To continue to develop leadership capacity at all levels in school to support our own growth as well as supporting other schools within our local community.

In order to achieve these objectives, the Trust will:

Attainment and Achievement

- Develop teachers' understanding and skills in providing challenge and support for key focus groups;
- Develop teachers' understanding and skills to plan key focus groups;
- Develop teachers' understanding and skills at teaching focus groups within lessons to accelerate learning in lessons.

Quality of Provision

- Personalise learning for key groups within school, based on school performance data.

Teaching and Learning

- Continue to develop high quality teaching and learning standards throughout the school, with a clear focus on professional development for all staff;
- Effectively induct new staff into the profession/school;
- Continue to develop SMSC in school to develop children as reflective, resilient, responsible life-long learners;

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Directors' report (continued)
For the year ended 31 August 2017

Pupil Welfare

- Ensure pupil premium is used to remove the disadvantage gap;
- Support the emotional, social and behavioural development of all pupils, with particular focus on our most vulnerable groups;
- Continue to develop parental engagement in learning, raising aspirations for pupils and their families;
- Ensure pupils have a good understanding of healthy lifestyles, ensuring that they can keep themselves healthy and safe, achieve excellent educational outcomes which support their ambitions;

Curriculum

- Continue to implement the National Curriculum within our creative curriculum;
- Develop an effective assessment policy, using formative and summative data to best inform teaching and learning.

Leadership and Governance

- Beyond the expansion of the Trust itself and through the schools in the Trust, share good practice with other schools through consortium, learning community groups, involvement in teaching schools, NCETM projects and links with teacher training (schools direct, Goldsmiths, University of London);
- Continue to develop understanding and use of data in school, by all, so that support and challenge is tightly focussed on areas for improvement;
- Continuing to develop middle leaders to enhance leadership capacity in school at all levels;
- Continue to provide development opportunities for directors based on skills audit.

Public Benefit

In setting the objectives and planning activities, directors have given careful consideration to the Charity Commission's general guidance on public benefit and are satisfied that these aims and objectives are clearly for the public benefit.

Strategic Report

Achievements and Performance

Going Concern

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

Achievement against objectives and strategy

The Trust has made progress against its key strategies and objectives. It has maintained and raised the standard of education for all its pupils, as evidenced through the non-financial indicators of performance below, and has paid every attention to ensuring every child enjoys high quality teaching, resourcing and care. Financially the Trust has performed well and has a strong reserves balance. The Trust has complied with statutory and national curriculum requirements that have arisen in the year. Finally, the Trust has built on its links to other schools and the local community, in part due to the strategy of welcoming new schools into the Trust, increasing the age range of pupils at schools within the Trust and through school improvement work.

Two schools within the Trust were inspected by Ofsted during the year. Delce Academy was rated as a Requires Improvement school (report dated 22nd March), from its previous rating of Good, with issues around governance and teaching specified in the report. An improvement plan has since been put in place. The Trust has learned from and reacted to the inspection and has confidence in the improvement plan, which the Board regularly reviews.

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Directors' report (continued)
For the year ended 31 August 2017

Greenway Academy was rated as Good (report dated 6th September 2017), an improvement from its previous rating as Requires Improvement. The Board believes that is a fair reflection of the hard work and measures put in place to improve school performance since it has joined the Trust and is a measure of the success the Trust can have.

Key Financial Performance Indicators

The Trust uses a number of financial key performance indicators to monitor the financial success of the Trust and progress improvement against targets set.

The Trust monitors its operating surplus/(deficit) as a percentage of total income. For the period ended 31 August 2017 the operating deficit (excluding transfer of existing academies joining the Trust) equated to 4.5% (2016: surplus 6.5%) of total income.

Staffing costs are monitored as a percentage of total income. For the period ended 31 August 2017 staffing costs represented 75.5% (2016: 68%) of total income (excluding transfer of existing academies joining the Trust).

The level of investment the Trust makes in the buildings and infrastructure is monitored as this can help to attract pupils to the Trust's schools. In the period ended 31 August 2017, the capital spend on building and infrastructure projects, was 0% (2016: 0%) of capital funding. Funding is being held for further building works primarily linked to the Early Years Phase at Delce Academy and the Bridge Specialist Free school which is scheduled to open in September 2019.

The Trust also uses a number of non-financial performance indicators to monitor its performance. At present these apply only to the Delce Academy and Greenway Academy. They are as follows:

Delce Academy:

- The combined attainment in reading, writing, and Maths at expected was 55%;
- Whole school progress in Maths was -2.0;
- Whole school progress in writing was -0.7;
- Whole school progress in reading was -1.2
- Overall pupil attendance rates – for the period ended 31 August attendance was 95.6%.

All non-financial performance indicators are above the new floor standards.

Delce Academy is rated Requires Improvement by Ofsted.

Greenway Academy:

- The combined attainment in reading, writing, and Maths at level 4+ was 49%;
- Whole school progress in Maths was -2.2;
- Whole school progress in writing was -0.6;
- Whole school progress in reading was +1.0
- Overall pupil attendance rates – for the period ended 31 August attendance was 96.5%.

All non-financial performance indicators are above the new floor standards.

Greenway Academy is rated Good by Ofsted.

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Directors' report (continued)
For the year ended 31 August 2017

Financial Review

During the period to 31 August 2017 total income, including capital income was £7,846,140 (2016: £3,031,271) of which £298,186 (2016: £200,005) was unrestricted income. Total income includes the transfer of Greenway Academy joining the Trust. The balances transferred total £3,959,907 and further details can be found in note 26.

Total expenditure for the period to 31 August 2017 was £4,061,528 (2016: £2,833,329) of which:

- Employee costs of £2,933,456 (2016: £2,058,729) represented 72% (2016: 73%) of total expenditure
- Premises Related costs of £289,049 (2016: £167,823) represented 7% (2016: 6%) of total expenditure
- Educational supplies and services of £144,966 (2016: £98,650) represented 4% (2016: 4%) of total expenditure.

The operating deficit excluding pension reserve adjustments and transfers of academies joining the Trust for the period ended 31 August 2017 was £175,295.

The board believe that the future financial outlook for the Trust remains secure, as indicated in the Going Concern Section. Future significant events that are likely to affect Trust financials will be the opening of the Bridge Free SEN school and the absorption of any other schools into the Trust. Arrangements for these events are ongoing, with additional resource in place to ensure the smooth financial management of such changes. Financial due diligence will be performed on new schools entering the trust, to ensure that any financial risks they may present are planned for and minimised. Subsequent to this, plans will be made to increase efficiencies and standardise processes where possible, minimising costs. While the immediate financial impact of new schools joining the Trust is hard to predict, the Trust envisages that synergies will arise in the long term and that there are sufficient reserves to deal with any initial difficulties, should these arise.

Reserves Policy

Directors continually monitor the reserves of the Trust. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and the nature of reserves.

Having undertaken a comprehensive review of the Trust's financial position, including the three-year forecast, and proposed changes in the national school funding formula, the Directors agreed an aspirational reserves policy, which aims to achieve reserves of £100k over the next five years, as long as this is not detrimental to pupil outcomes.

The following process was agreed for the review of reserves:

In the interests of financial sustainability, the Trust will aim to maintain reserves in accordance with the Reserves Policy agreed by the Board (above) unless there is a specific permitted purpose for the retention of balances which can include;

- Cost of or contribution to buildings projects not being met through devolved capital funds;
- Replacement of furniture;
- Replacement of equipment;
- Replacement of fixtures and fittings e.g. carpets, blinds;
- Internal redecoration;
- Large maintenance works;
- Outdoor play equipment, playground renovations and/or playground markings;
- Environmental areas;
- Maintenance of staffing levels on a short-term basis e.g. for the remainder of an academic year to avoid disruption to the organisation;
- Health and Safety works;
- Equal opportunities e.g. access for the disabled;
- A specific item proposed by the school and agreed by the Trust

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Directors' report (continued)
For the year ended 31 August 2017

The Board has delegated authority to the Audit & Resources Committee to monitor reserves during the financial year as follows:

- When reserves are drawn on, so it understands why this happens and can consider what corrective action, if any, needs to be taken;
- When reserve levels rise significantly above target, so it understands why this happens and can consider the corrective action, if any, that needs to be taken;
- Where the reserve levels are below target, so it can consider whether this is due to short term circumstance or longer-term reasons, which might trigger a broader review of finances and reserves

The Audit & Resources Committee will make recommendations to the Board for the approval of corrective actions, as and when required.

The Board has delegated authority to the Audit & Resources Committee to conduct an annual review of the level and use of reserves to ascertain whether the policy and level of reserves continue to reflect the needs of the Trust. The Committee will take recommendations to the Board annually so that the policy can be confirmed or revised in time for statement within the Annual Report and Financial Statements each year.

Capital surplus can be carried forward on a three-year rolling basis

The unrestricted fund at 31 August 2017 is in surplus by £187,635.

The restricted fund at 31 August 2017 is in deficit by £277,063. This arises from the pension reserve fund which represents the Trust's share of the LGPS fund deficit of £572,000, calculated in accordance with Financial Reporting Standard (FRS) 102. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employee contributions due by the Academy Trust have been fixed at 20.0% for Kent schools and 19.8% for West Sussex schools, for the three years from 1 April 2017.

Further details of the calculations and assumptions underlying the balance on this fund are set out in note 20 to the financial statements.

Investment Policy

The directors do not have a formal investment policy except that no speculative or other investments which may place the Trust's funds at unnecessary risk should be made. Directors have agreed that surplus funds may be placed in fixed term deposit accounts at recognised UK clearing banks.

Principal Risks and Uncertainties

The directors consider the principal risks and uncertainties facing the trust to be:

- Educational standards within the schools may deteriorate, for reasons such as a lack of adequately trained staff, leading to a failure of the Trust to fulfil its key objective, namely to raise the educational standards and safeguard the emotional wellbeing of all pupils.
- Standards of Governance may fall or they may be a lack of effective challenge from directors, which may impact negatively on the development of the Trust and the Schools within.
- A fall in the roll would have financial implications, with a School's income largely based on student numbers, especially given the threat of competition from other Trusts and schools
- Expensive capital works may be required that are not covered by insurance or ESFA grants.

Other risks and uncertainties which the Trust may face are in relation to technology failures, pension fund deficits and natural uncontrollable events. The Trust is also aware that funding for education is under pressure, which introduces the risk of an Academy within the Trust incurring a deficit against its budget from unforeseen circumstances, especially if there is a change of funding policy introduced by the Government.

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Directors' report (continued)
For the year ended 31 August 2017

The directors have considered the principal risks and uncertainties facing the Trust and have as far as appropriate taken steps to minimise these risks. This is facilitated by the maintenance and regular review of a risk register.

The main financial instrument of the Trust is cash held within current bank. Cash resources are managed to ensure operating requirements can be met without the need for short term borrowing.

Plans for Future Periods

The RSC has given approval to the Trust's growth plan, in the immediate future, the Bridge Free School, an SEMH specialist school is planned to open in September 2019.

Within the Trust pupil numbers are growing at both schools.

Delce Academy will continue to develop professional service outreach across all Trust schools and the wider community, using in-house expertise and a range of methodologies and styles of delivery.

Plans for future building works are the replacement of a failed two unit demountable block at the Greenway Academy site with a new four unit block funded by a successful 2015/16 CIF bid and the installation of a similar four unit block at the Delce Academy site for the EYFS phase using central funding.

It is anticipated that the Bridge Academy works will commence on the Delce site in 2018.

Funds held as Custodian Trustee on behalf of others

The Trust holds no funds on behalf of others.

Provision of information to auditor

In so far as the directors are aware:

- the is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors 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.

Auditor

The auditor, Kreston Reeves LLP, has indicated its willingness to continue in office. At the Annual General Meeting held on 17 November 2016, the Members appointed Kreston Reeves LLP for a period of five years ending 16 November 2021.

This report, incorporating a strategic report, was approved by the CASTLE Trust Board on 23 November 2017 and signed on its behalf by:



Mr R Sanders
Chair of Directors

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Governance Statement

Scope of Responsibility

As directors, we acknowledge we have overall responsibility for ensuring that CASTLE Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated the day-to-day responsibility to the Chief Executive Officer, 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 CASTLE Trust and the Secretary of State for Education. They are also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board has formally met 5 times during the 2016/17 academic year. Attendance during the year at meetings of the Board was as follows:

Director	Meetings attended	Out of a possible
Mrs S Burt, Chair of Trust Board	5	5
Mr S Calvert	4	5
Mrs J Hughes (resigned 8 March 2017)	1	2
Mrs C Kempster (resigned 31 May 2017)	1	4
Mr R King	5	5
Mrs J Knight	5	5
Mr D Lynch (appointed 8 June 2017)	1	1
Mr C McCann (resigned 23 February 2017)	1	2
Ms S Pearce (resigned 11 April 2017)	1	3
Mr C Purchase	5	5
Ms K White, Chief Executive Officer	5	5
Mr K Johnson	1	5
Mr R Sanders	4	5

The majority of Directors who struggled to attend meetings resigned during the year. The exception is Mr Johnson, who was unable to attend most meetings due to business commitments. Mr Johnson did, however, make a significant contribution to the governance of the Trust as Chair of the Bridge LGB and as a representative of the Board at meetings with the DfE and Regional Schools Commissioner. He also provided valued support and advice as a senior figure in the Education Sector and as National President of the National Association of Head Teachers.

The Trust took the following steps to improve governance during the year:

- The Board completed a Knowledge, Experience and Skills Audit and embarked a programme of training, information sharing and targeted recruitment to address gaps;
- The Trust joined the National Governance Association (NGA), providing Directors and LGB Governors with access to governance information and guidance and the NGA journal: Governance Matters;
- The Trust subscribed to the NGA Learning Link, giving Directors and LGB Governors access to e-learning modules in key areas, including governance;
- A Governance and Data Manager was appointed to act as Clerk to the Board and Audit & Resources Committee and to provide governance guidance across the Trust.

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Governance Statement (continued)

The Audit & Resources Committee will assist the Board with regard to the annual audit and accounts, internal controls and the sound management of the Trust's finances and resources. The Committee met formally 4 times during the year.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr S Calvert, Chair	4	4
Mrs S Burt	4	4
Ms S Pearce (resigned 11 April 2017)	2	2
Mr R King	4	4
Mr R Sanders (appointed 18 May 2017)	1	1

Review of Value for Money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- **Educational outcomes**
The strategic report within these financial statements describes in detail the educational outcomes achieved by Trust schools in the 2016/17 academic year.
- **Staffing**
Staffing has been reviewed, carefully considered and staff have been deployed to meet the needs of delivering the curriculum in each Academy. Appropriate level of educational support staff have been provided to meet the needs of individual pupils and ensure all pupils can reach their full potential regardless of any challenges they may face.
- **Financial Governance and Oversight**
The Trust has a robust framework for ensuring strong financial governance which ensures the Accounting Officer has assurance that financial practices and procedures are properly implemented. Good financial planning allows the CEO and school leaders plan ahead with certainty and prioritise and de-prioritise activities in order to deliver effective educational outcomes at best value.
- **Procurement**
Collaboration within the Trust has maximised the buying power of Trust schools and led to savings for all schools.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CASTLE Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CASTLE Trust
(A company limited by guarantee)

Governance Statement (continued)

Capacity to Handle Risk

The Board has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2016 to 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.

The Risk and Control Framework

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

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

The Board has considered the need for a specific internal audit function and has decided to appoint Kreston Reeves LLP as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control accounts
- testing of bank reconciliations

On a quarterly basis, the internal auditor reports to the Board through the Audit & Resources committee on the operation of the systems of control and on the discharge of the Board's financial responsibilities.

A verbal report is made by the Chief Finance Officer at each Audit & Resources Committee meeting on the risk and control framework, which is then reported to the Board at each meeting. In addition, written reports are provided to the Audit & Resources Committee as and when these are available or required.

The internal auditor has delivered their schedule of work as planned. Some minor control failures were reported, with measures then implemented by management to remedy them. No control failures arose that were significant enough to indicate potential misstatement of the accounts, or financial or operational mismanagement or irregularity.

CASTLE Trust
(A company limited by guarantee)

Governance Statement (continued)

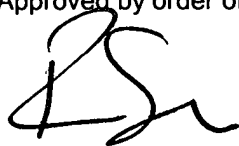
Review of Effectiveness

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

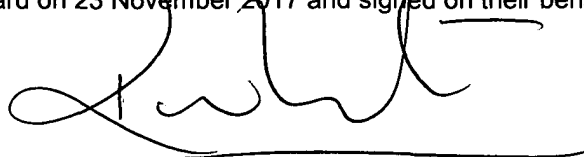
- the work of the internal auditor;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit & Resources 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 on 23 November 2017 and signed on their behalf, by:



Mr R Sanders
Chair of Directors



Ms K White
Accounting Officer

CASTLE Trust

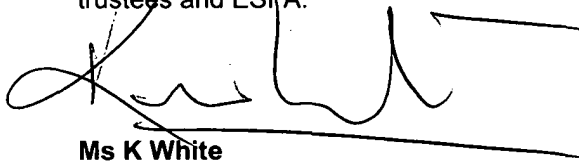
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of CASTLE Trust 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 in black ink, appearing to be 'K White', with a horizontal line drawn underneath it.

Ms K White
Accounting Officer

Date: 23 November 2017

CASTLE Trust
(A company limited by guarantee)

Statement of Directors' responsibilities
For the year ended 31 August 2017

The Directors (who act as governors of the CASTLE Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued 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 Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board on 23 November 2017 and signed on its behalf by:



Mr R Sanders
Chair of Directors

CASTLE Trust
(A company limited by guarantee)

Independent auditor's report on the financial statements to the members of CASTLE Trust

Opinion

We have audited the financial statements of CASTLE Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

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 of 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors 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 Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

CASTLE Trust
(A company limited by guarantee)

Independent auditor's report on the financial statements to the members of CASTLE Trust

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remunerations specified by law 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 Statement of Directors' responsibilities, the Directors (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 Directors 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 Directors 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 Directors either intend to liquidate the Academy Trust's or to cease operations, or have no realistic alternative but to do so.

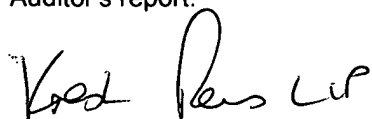
CASTLE Trust
(A company limited by guarantee)

Independent auditor's report on the financial statements to the members of CASTLE Trust

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: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



Susan Robinson BA FCA FCIE DChA MCMI (Senior statutory auditor)
for and on behalf of
Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
Chatham Maritime
23 November 2017

CASTLE Trust

(A company limited by guarantee)

Independent reporting accountant's assurance report on regularity to CASTLE Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 18 September 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CASTLE Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of CASTLE Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of CASTLE Trust's funding agreement with the Secretary of State for Education dated 19 March 2014, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 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 1 September 2016 to 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 to 2017 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.

CASTLE Trust
(A company limited by guarantee)

Independent reporting accountant's assurance report on regularity to CASTLE Trust and the Education and Skills Funding Agency (continued)

Work undertaken

The work undertaken to draw to our conclusion includes:

- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Ensured that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash
- Confirmed items claimed on cash are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed Governing Body and Director minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with

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 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Kreston Reeves LLP
Reporting Accountant
Chartered Accountants

23 November 2017

CASTLE Trust
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the year ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations & capital grants:						
Transfer of existing academy joining the Trust	2, 26	27,010	(64,324)	3,997,221	3,959,907	-
Other donations and capital grants	2	12,418	-	19,488	31,906	8,635
Charitable activities	4	-	3,595,569	-	3,595,569	2,822,631
Other trading activities	3	258,758	-	-	258,758	200,005
Total income		298,186	3,531,245	4,016,709	7,846,140	3,031,271
Expenditure on:						
Charitable activities		260,322	3,696,069	105,137	4,061,528	2,833,329
Total expenditure	5	260,322	3,696,069	105,137	4,061,528	2,833,329
Net income / (expenditure) before transfers		37,864	(164,824)	3,911,572	3,784,612	197,942
Transfers between Funds	16	-	(16,539)	16,539	-	-
Net income / (expenditure) before other recognised gains and losses		37,864	(181,363)	3,928,111	3,784,612	197,942
Actuarial gains/(losses) on defined benefit pension schemes	20	-	510,000	-	510,000	(422,000)
Net movement in funds		37,864	328,637	3,928,111	4,294,612	(224,058)
Reconciliation of funds:						
Total funds brought forward		149,771	(605,700)	3,032,379	2,576,450	2,800,508
Total funds carried forward		187,635	(277,063)	6,960,490	6,871,062	2,576,450

All activities relate to continuing operations.

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

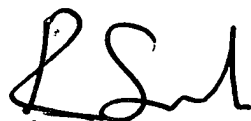
The notes on pages 26 to 50 form part of these financial statements.

CASTLE Trust
(A company limited by guarantee)
Registered number: 08850163

Balance sheet
As at 31 August 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	13		6,906,910		2,998,287
Current assets					
Debtors	14	60,889		51,639	
Cash at bank and in hand		757,168		621,621	
		<u>818,057</u>		<u>673,260</u>	
Creditors: amounts falling due within one year	15	(281,905)		(259,097)	
Net current assets			<u>536,152</u>		<u>414,163</u>
Total assets less current liabilities			<u>7,443,062</u>		<u>3,412,450</u>
Defined benefit pension scheme liability	20	(572,000)		(836,000)	
Net assets including pension scheme liabilities			<u><u>6,871,062</u></u>		<u><u>2,576,450</u></u>
Funds of the Academy Trust					
Restricted income funds:					
Restricted income funds	16	294,937		230,300	
Restricted fixed asset funds	16	6,960,490		3,032,379	
Restricted income funds excluding pension liability		<u>7,255,427</u>		<u>3,262,679</u>	
Pension reserve		(572,000)		(836,000)	
Total restricted income funds			<u>6,683,427</u>		<u>2,426,679</u>
Unrestricted income funds	16		<u>187,635</u>		<u>149,771</u>
Total funds			<u><u>6,871,062</u></u>		<u><u>2,576,450</u></u>

The financial statements on pages 23 to 50 were approved by the Directors, and authorised for issue, on 23 November 2017 and are signed on their behalf, by:



Mr R Sanders
Chair of Directors



Mr S Calvert
Director

The notes on pages 26 to 50 form part of these financial statements.

CASTLE Trust
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	18	116,059	389,674
Capital grants from DfE/ESFA		19,488	8,635
Net cash provided by investing activities		19,488	8,635
Change in cash and cash equivalents in the year		135,547	398,309
Cash and cash equivalents brought forward		621,621	223,312
Cash and cash equivalents carried forward	19	757,168	621,621

The notes on pages 26 to 50 form part of these financial statements.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies

CASTLE Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Delce Academy, The Tideway, Rochester, Kent, ME1 2NJ. The principal activity of the Academy Trust is to provide a primary education for pupils that satisfies the requirements of the Education Act 2002.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the 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 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

CASTLE Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fund accounting

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

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

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

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

1.4 Income

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the Academy Trust is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Academy Trust has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Academy Trust, or the Academy Trust is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. 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 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.

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

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

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within income and donations and capital grants.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

1.5 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	2% straight line
Long-term leasehold property	-	over the term of the lease
Fixtures, fittings and equipment	-	10% - 33% straight line

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 incorporating income and expenditure account.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

1.7 Taxation

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.8 Debtors

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

1.9 Liabilities and provisions

Liabilities and provisions 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.

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Operating leases: the Academy Trust as lessor

Rentals received under operating leases are credited to the Statement of financial activities on a straight line basis over the lease term.

1.12 Operating leases: the Academy Trust as lessee

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

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Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. 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 costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

1.14 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 20, 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.

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

Multi-employer defined benefit pension scheme

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 20, 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.

Tangible fixed assets

The Academy Trust has recognised tangible fixed assets with a carrying value of £6,906,910 at the reporting date (see note 13). These assets are stated at their cost less provision for depreciation and impairment. The Academy Trust's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the Academy Trust determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the Academy Trust undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the Academy Trust's forecasts for the foreseeable future which do not include any restructuring activities that the Academy Trust is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

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Notes to the financial statements
For the year ended 31 August 2017

1. Accounting policies (continued)

Critical areas of judgement:

Lease commitments

The Academy Trust has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the Academy Trust has acquired the risks and rewards associated with the ownership of the underlying assets.

Multi-employer defined benefit pension scheme

Certain employees participate in a multi-employer defined benefit pension scheme with other Academy Trusts in the region. In the judgement of the directors, the Academy Trust does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 20 for further details.

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Transfer of existing academy joining the Trust	27,010	(64,324)	3,997,221	3,959,907	-
Donations	11,418	-	-	11,418	-
Legacy income	1,000	-	-	1,000	-
Capital grants	-	-	19,488	19,488	8,635
Subtotal	12,418	-	19,488	31,906	8,635
	39,428	(64,324)	4,016,709	3,991,813	8,635
<i>Total 2016</i>	-	-	8,635	8,635	

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Notes to the financial statements
For the year ended 31 August 2017

3. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	22,977	-	22,977	2,130
School trip and voluntary fund income	111,259	-	111,259	31,528
Other income	97,711	-	97,711	166,347
Catering income	26,811	-	26,811	-
	<u>258,758</u>	<u>-</u>	<u>258,758</u>	<u>200,005</u>
<i>Total 2016</i>	<u>200,005</u>	<u>-</u>	<u>200,005</u>	

4. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,845,487	2,845,487	2,128,810
Other DfE / ESFA grants	-	320,310	320,310	272,276
	<u>-</u>	<u>3,165,797</u>	<u>3,165,797</u>	<u>2,401,086</u>
Other government grants				
Local Authority grants	-	429,772	429,772	421,545
	<u>-</u>	<u>429,772</u>	<u>429,772</u>	<u>421,545</u>
Total 2017	<u>-</u>	<u>3,595,569</u>	<u>3,595,569</u>	<u>2,822,631</u>
<i>Total 2016</i>	<u>-</u>	<u>2,822,631</u>	<u>2,822,631</u>	

5. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Activities:					
Direct costs	1,954,938	21,749	568,185	2,544,872	1,967,198
Support costs	978,518	267,300	270,838	1,516,656	866,131
	<u>2,933,456</u>	<u>289,049</u>	<u>839,023</u>	<u>4,061,528</u>	<u>2,833,329</u>
Total 2017	<u>2,933,456</u>	<u>289,049</u>	<u>839,023</u>	<u>4,061,528</u>	<u>2,833,329</u>
<i>Total 2016</i>	<u>2,058,729</u>	<u>167,823</u>	<u>606,777</u>	<u>2,833,329</u>	

CASTLE Trust
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Notes to the financial statements
For the year ended 31 August 2017

6. Analysis of expenditure by activities

	Direct costs	Support	Total	Total
	2017	costs	2017	2016
	£	2017	£	£
	£	£	£	£
Expenditure	2,544,872	1,516,656	4,061,528	2,833,329
<i>Total 2016</i>	1,967,198	866,131	2,833,329	

Analysis of direct costs

	Total	Total
	2017	2016
	£	£
Maintenance of furniture & ICT	21,749	39,483
Educational supplies & services	144,966	98,650
Staff development & other staff costs	148,852	164,458
Professional fees - curriculum	274,367	166,648
Wages and salaries	1,553,583	1,210,049
National insurance	154,280	98,980
Pension cost	247,075	188,930
	2,544,872	1,967,198
<i>At 31 August 2016</i>	1,967,198	

Analysis of support costs

	Total	Total
	2017	2016
	£	£
FRS102 pension finance cost (note 12)	18,000	13,000
Staff costs	978,518	560,770
Depreciation	105,137	26,515
Maintenance of premises & equipment	116,502	101,332
Rates & water	474	14,619
Insurance	15,862	5,393
Equipment & services - non curriculum	87,569	34,326
Internal audit costs	2,783	1,150
Catering	58,895	21,240
Light & Heat	29,325	19,964
Voluntary fund expenditure	42,918	38,915
Legal and professional fees	47,939	21,149
Auditor's remuneration	9,450	5,855
Auditor's remuneration - other audit costs	3,142	850
Accountancy costs	142	1,053
	1,516,656	866,131
<i>At 31 August 2016</i>	866,131	

CASTLE Trust
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Notes to the financial statements
For the year ended 31 August 2017

7. Net income/(expenditure)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	105,137	26,515
Auditors' remuneration - audit	9,450	5,855
Auditors' remuneration - non audit	142	1,053
Internal audit costs	2,783	1,150
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CASTLE Trust
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Notes to the financial statements
For the year ended 31 August 2017

8. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	2,161,280	1,601,515
Social security costs	198,384	123,163
Other pension costs	515,887	299,921
	<u>2,875,551</u>	<u>2,024,599</u>
Supply teacher costs	56,485	34,130
Apprenticeship levy	1,420	-
	<u><u>2,933,456</u></u>	<u><u>2,058,729</u></u>

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

	2017 No.	2016 No.
Teachers	40	26
Admin and Support	80	34
Management	8	6
	<u>128</u>	<u>66</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	40	26
Admin and Support	49	19
Management	8	6
	<u>97</u>	<u>51</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	0
In the band £80,001 - £90,000	0	1
In the band £100,001 - £110,000	1	0

The employees participated in the Teachers' Pension Scheme and Local Government Pension Scheme. During the year ended 31 August 2017 pension contributions for these employees amounted to £31,274 (2016: £14,117).

The key management personnel of the Academy Trust comprise the Directors and the Senior Leadership Team listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust during the year amounted to £350,252 (2016: £428,132), which includes employer national insurance contributions of £23,312 (2016: £35,878).

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Notes to the financial statements
For the year ended 31 August 2017

9. Central services

No central services were provided by the Academy Trust to its academies during the year and no central charges arose.

10. Directors' remuneration and expenses

One or more Directors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

		2017 £	2016 £
K White (Chief Executive and Director)	Remuneration	105,000-110,000	85,000-90,000
	Pension contributions paid	15,000-20,000	10,000-15,000
J Knight (Staff Governor and Director)	Remuneration	65,000-70,000	50,000-55,000
	Pension contributions paid	10,000-15,000	10,000-15,000

During the year, no Directors received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, expenses totalling £4,480 (2016 - £5,285) were reimbursed to 4 Directors (2016 - 2).

11. Directors' and Officers' Insurance

The Academy Trust has opted into the Department for 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 Directors and officers indemnity element from the overall cost of the RPA scheme.

12. Other finance expense

	2017 £	2016 £
Interest on pension scheme liabilities	<u>(18,000)</u>	<u>(13,000)</u>

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Notes to the financial statements
For the year ended 31 August 2017

13. Tangible fixed assets

	Freehold land & buildings £	Long-term leasehold property £	Fixtures, fittings and equipment £	Total £
Cost or valuation				
At 1 September 2016	-	3,035,000	-	3,035,000
Reclassification	-	-	(630)	(630)
Transfer into the Trust	3,855,955	-	607,058	4,463,013
At 31 August 2017	<u>3,855,955</u>	<u>3,035,000</u>	<u>606,428</u>	<u>7,497,383</u>
Depreciation				
At 1 September 2016	-	36,713	-	36,713
Charge for the year	29,841	22,437	52,859	105,137
Reclassification	-	-	(17,170)	(17,170)
Transfer into the Trust	243,704	-	222,089	465,793
At 31 August 2017	<u>273,545</u>	<u>59,150</u>	<u>257,778</u>	<u>590,473</u>
Net book value				
At 31 August 2017	<u>3,582,410</u>	<u>2,975,850</u>	<u>348,650</u>	<u>6,906,910</u>
At 31 August 2016	<u>-</u>	<u>2,998,287</u>	<u>-</u>	<u>2,998,287</u>

Included in freehold land and buildings is land at valuation of £953,000 which is not depreciated.

The Academy Trust's transactions relating to land and buildings included:

- the granting of a leasehold on the Nursery building at Greenway Academy for £30,000 per annum over a term of 15 years

14. Debtors

	2017 £	2016 £
Trade debtors	1,000	-
VAT recoverable	18,749	20,359
Prepayments and accrued income	41,140	31,280
	<u>60,889</u>	<u>51,639</u>

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Notes to the financial statements
For the year ended 31 August 2017

15. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	-	1,764
Other taxation and social security	74,142	-
Other creditors	53,984	-
Accruals and deferred income	153,779	257,333
	<u>281,905</u>	<u>259,097</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2015	249,659	36,500
Resources deferred during the year	143,280	249,659
Amounts released from previous years	(249,659)	(36,500)
Deferred income at 31 August 2017	<u>143,280</u>	<u>249,659</u>

At the balance sheet date the Academy Trust was holding funds received in advance for growth funding for 2017/18.

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Notes to the financial statements
For the year ended 31 August 2017

16. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	149,771	298,186	(260,322)	-	-	187,635
Restricted funds						
General Annual Grant (GAG)	8,039	2,857,163	(2,633,391)	(131,539)	-	100,272
Other DfE/ESFA Grants	222,261	320,310	(347,906)	-	-	194,665
Other Government Grants	-	429,772	(429,772)	-	-	-
Pension reserve	(836,000)	(76,000)	(285,000)	115,000	510,000	(572,000)
	<u>(605,700)</u>	<u>3,531,245</u>	<u>(3,696,069)</u>	<u>(16,539)</u>	<u>510,000</u>	<u>(277,063)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Fund	2,998,287	3,997,221	(105,137)	16,539	-	6,906,910
Other DfE/ESFA Capital Grants	34,092	19,488	-	-	-	53,580
	<u>3,032,379</u>	<u>4,016,709</u>	<u>(105,137)</u>	<u>16,539</u>	<u>-</u>	<u>6,960,490</u>
Total restricted funds	<u>2,426,679</u>	<u>7,547,954</u>	<u>(3,801,206)</u>	<u>-</u>	<u>510,000</u>	<u>6,683,427</u>
Total of funds	<u><u>2,576,450</u></u>	<u><u>7,846,140</u></u>	<u><u>(4,061,528)</u></u>	<u><u>-</u></u>	<u><u>510,000</u></u>	<u><u>6,871,062</u></u>

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds	84,421	200,005	(60,155)	(74,500)	-	149,771
	<u>84,421</u>	<u>200,005</u>	<u>(60,155)</u>	<u>(74,500)</u>	<u>-</u>	<u>149,771</u>

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Notes to the financial statements
For the year ended 31 August 2017

16. Statement of funds (continued)

Restricted funds

General Annual Grant (GAG)	27,416	2,128,810	(2,078,187)	(70,000)	-	8,039
Other DfE/ESFA Grants	392	258,033	(110,664)	74,500	-	222,261
Other Government Grants	20	421,545	(421,565)	-	-	-
Teaching Schools	-	14,243	(14,243)	-	-	-
Pension reserve	(362,000)	-	(122,000)	70,000	(422,000)	(836,000)
	<u>(334,172)</u>	<u>2,822,631</u>	<u>(2,746,659)</u>	<u>74,500</u>	<u>(422,000)</u>	<u>(605,700)</u>

Restricted fixed asset funds

Restricted Fixed Asset Fund	3,024,802	-	(26,515)	-	-	2,998,287
Other DfE/ESFA Capital Grants	25,457	8,635	-	-	-	34,092
	<u>3,050,259</u>	<u>8,635</u>	<u>(26,515)</u>	<u>-</u>	<u>-</u>	<u>3,032,379</u>
Total restricted funds	<u>2,716,087</u>	<u>2,831,266</u>	<u>(2,773,174)</u>	<u>74,500</u>	<u>(422,000)</u>	<u>2,426,679</u>
Total of funds	<u>2,800,508</u>	<u>3,031,271</u>	<u>(2,833,329)</u>	<u>-</u>	<u>(422,000)</u>	<u>2,576,450</u>

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

GAG represents funds to be used to cover the normal running costs of the Academy Trust.

Other DfE/ESFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

Other government grants represent those grants provided for specific purposes to provide additional support to the pupils where required.

The Restricted Fixed Asset Fund represents the leasehold buildings which were donated upon conversion to Academy status.

The DfE/ESFA capital grants fund is to provide the Academy Trust with its own capital money to address improvements to buildings and other facilities.

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.

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Notes to the financial statements
For the year ended 31 August 2017

16. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Delce Academy	417,891	380,070
Greenway Academy	64,681	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	482,572	380,070
Restricted fixed asset fund	6,960,490	3,032,379
Pension reserve	(572,000)	(836,000)
	<hr/>	<hr/>
Total	6,871,062	2,576,449
	<hr/> <hr/>	<hr/> <hr/>

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2017 £	Total 2016 £
Delce Academy	1,867,928	588,435	141,116	465,530	3,063,009	2,806,814
Greenway Academy	526,863	134,069	59,026	173,424	893,382	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,394,791	722,504	200,142	638,954	3,956,391	2,806,814
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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Notes to the financial statements
For the year ended 31 August 2017

17. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	6,906,910	6,906,910
Current assets	187,635	576,842	53,580	818,057
Creditors due within one year	-	(281,905)	-	(281,905)
Provisions for liabilities and charges	-	(572,000)	-	(572,000)
	<u>187,635</u>	<u>(277,063)</u>	<u>6,960,490</u>	<u>6,871,062</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	2,998,287	2,998,287
Current assets	149,771	489,397	34,092	673,260
Creditors due within one year	-	(259,097)	-	(259,097)
Provisions for liabilities and charges	-	(836,000)	-	(836,000)
	<u>149,771</u>	<u>(605,700)</u>	<u>3,032,379</u>	<u>2,576,450</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	3,784,612	197,942
Adjustment for:		
Depreciation charges	105,137	26,515
Profit on the sale of fixed assets	(16,540)	-
Increase in debtors	(9,250)	(17,300)
Increase in creditors	22,808	139,152
Capital grants from DfE and other capital income	(19,488)	(8,635)
Defined benefit pension scheme cost less contributions payable	152,000	39,000
Defined benefit pension scheme finance cost	18,000	13,000
Existing academies transferred into the Trust	(3,921,220)	-
Net cash provided by operating activities	<u>116,059</u>	<u>389,674</u>

19. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	757,168	621,621
Total	<u>757,168</u>	<u>621,621</u>

Notes to the financial statements
For the year ended 31 August 2017

20. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £53,976 were payable to the schemes at 31 August 2017 (2016 - Nil) 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% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- 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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £247,075 (2016 - £188,930).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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20. Pension commitments (continued)

Under the definitions set out in FRS 102, 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £151,000 (2016 - £91,000), of which employer's contributions totalled £115,000 (2016 - £70,000) and employees' contributions totalled £36,000 (2016 - £21,000). The agreed contribution rates for future years are 20.0% for employers in Kent, 19.8% for employers in West Sussex and 5.5 to 12.5% across both regions 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.

Kent County Council Pension Fund

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %
Inflation assumption (RPI)	3.60 %	3.20 %

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

	2017	2016
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

West Sussex County Council Pension Fund

Principal actuarial assumptions:

	2017
Discount rate for scheme liabilities	2.50 %
Rate of increase in salaries	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %
Inflation assumption (CPI)	2.40 %
Inflation assumption (RPI)	3.40 %

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Notes to the financial statements
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20. Pension commitments (continued)

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

	2017
Retiring today	
Males	23.6
Females	25.0
Retiring in 20 years	
Males	26.0
Females	27.8

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis (Kent Pension Fund)		
Discount rate +0.1%	(25,000)	(42,000)
Discount rate -0.1%	25,000	43,000
Mortality assumption - 1 year increase	44,000	38,000
Mortality assumption - 1 year decrease	(43,000)	(37,000)
CPI rate +0.1%	23,000	36,000
CPI rate -0.1%	(22,000)	(35,000)

Sensitivity analysis (West Sussex Pension Fund)

Discount rate +0.5%	£112,000
Salary rate +0.5%	£23,000
Pension rate +0.5%	£87,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	975,000	414,000
Gilts	6,000	6,000
Other bonds	361,000	66,000
Property	162,000	86,000
Cash	49,000	15,000
Derivatives	-	-
Absolute return fund	32,000	27,000
Total market value of assets	<u>1,585,000</u>	<u>614,000</u>

The actual return on scheme assets was £173,000 (2016 - £72,000).

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Notes to the financial statements
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20. Pension commitments (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(267,000)	(109,000)
Interest cost	(18,000)	(13,000)
Total	<u>(285,000)</u>	<u>(122,000)</u>
Actual return on scheme assets	<u>173,000</u>	<u>72,000</u>

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

	2017 £	2016 £
Opening defined benefit obligation	1,450,000	826,000
Transferred in on existing academies joining the trust	750,000	-
Current service cost	267,000	109,000
Interest cost	45,000	33,000
Employee contributions	36,000	21,000
Actuarial (gains)/losses	(379,000)	474,000
Benefits paid	(12,000)	(13,000)
Closing defined benefit obligation	<u>2,157,000</u>	<u>1,450,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	614,000	464,000
Transferred in on existing academies joining the trust	674,000	-
Interest income	27,000	20,000
Actuarial losses	131,000	52,000
Employer contributions	115,000	70,000
Employee contributions	36,000	21,000
Benefits paid	(12,000)	(13,000)
Closing fair value of scheme assets	<u>1,585,000</u>	<u>614,000</u>

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21. Operating lease commitments

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£	£
Amounts payable:		
Within 1 year	9,711	9,711
Between 1 and 5 years	17,029	26,740
	<hr/>	<hr/>
Total	26,740	36,451
	<hr/> <hr/>	<hr/> <hr/>

22. Lessor arrangements

At 31 August 2017 the total of the Academy Trust's future minimum lease receipts under non-cancellable operating leases was:

	2017	2016
	£	£
Within 1 year	30,000	-
Between 1 and 5 years	120,000	-
After more than 5 years	300,000	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

23. Members' liability

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

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24. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of directors 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 Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

Greenway Academy - a company in which Ms K White (a Director of the Academy Trust) is the Accounting Officer, Governor and Headteacher:

During the period to 31 January 2017, Delce Academy (an academy within CASTLE Trust) received income for the following costs and services provided to Greenway Academy:

- £13,000 (2016: £40,000) for the Service Level Agreement for Ms K White
- £Nil (2016: £1,760) for the Edufin visit
- £Nil (2016: £2,083) for the development of the new website by E4Education
- £1,350 (2016: £1,800) for the cost of supplying Mathematics teaching staff support
- £Nil (2016: £1,400) for the cost of supplying Business staff support and
- £Nil (2016: £158) for the cost of goods purchased by Delce Academy on behalf of Greenway Academy.

The Trust confirms all of the above services were provided on an arms length basis.

During the year Mrs S King, the wife of Mr R King (a Director) continued to provide services as a free-lance teacher to CASTLE Trust. The cost to the Trust was £14,335 (2016: £7,560). There were no amounts outstanding at 31 August 2017 (2016: £nil).

The Academy Trust made the transaction at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr R King neither participated in, nor influenced.

During the year Mrs H Russell, the sister of Mrs J Knight (a Director) was employed by CASTLE Trust as a class teacher for which she received remuneration of £30,000 – 35,000 (2016: £30,000 – 35,000). There were no amounts outstanding at 31 August 2017 (2016: £Nil). The Academy Trust made the appointment in accordance with its financial regulations prior to academy conversion, which Mrs J Knight neither participated in, nor influenced and the Trustees are comfortable that Mrs H Russell's salary provides value for money and is not at a preferential rate.

In entering into the above transactions the Trust has complied with the requirements of the ESFA's Academies Financial Handbook.

25. Controlling party

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

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26. Transfer of existing academies into the Academy Trust

Greenway Academy

	Value reporting by transferring trust	Fair value adjustments	Transfer in recognised
	£	£	£
Tangible fixed assets			
Freehold land and buildings	3,612,251	-	3,612,251
Fixtures, fittings and equipment	384,969	-	384,969
Stock	6,889	-	6,889
Debtors due within one year	56,451	-	56,451
Cash in bank and in hand	38,880	-	38,880
Liabilities			
Creditors due within one year	(63,533)	-	(63,533)
Pensions			
Pensions - pension scheme liabilities	(76,000)	-	(76,000)
Net assets	3,959,907	-	3,959,907