

Company Registration Number: 08850163 (England & Wales)

CASTLE Trust

(A company limited by guarantee)

Annual report and financial statements

for the year ended 31 August 2021



CASTLE Trust
(A company limited by guarantee)

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CASTLE Trust

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Reference and Administrative Details

Members

Mrs H Fletcher-Reilly
Miss J Gundry (resigned 1 October 2020)
Mr J Stringer
Mr A Wouters

Directors

Mrs N Brosnan^{3,4,5}
Mr T Crayden, Vice Chair (from 6 July 2021)^{1,4}
Mr C Purchase, Chair (to 21 June 2021) (resigned 21 June 2021)^{1,4}
Ms K White, Chief Executive Officer and Accounting Officer¹
Mr C D Du Gray, Vice Chair (to 6 July 2021), Chair (from 6 July 2021)^{1,4,5,6}

¹ Member Appointed Director

² Parent Director (we had no Parent Directors during the year as Parent Governors were elected by LACs)

³ Co-opted Director

⁴ Audit Committee member

⁵ Greenway Academy Local Advisory Committee member

⁶ Board Safeguarding Champion

Company registered number

08850163

Company name

CASTLE Trust

Principal and registered office

c/o Womble Bond Dickinson (UK) LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

Company secretary

Prima Secretary Limited

Chief executive officer

Ms K White

Executive leadership team

K White, Chief Executive Officer
J Knight, Chief Finance Officer (retired 31 December 2021)
L Miller MBE, Interim Executive Support (from 1 September 2021)
Mr D Alexander, Trust Business Manager
E Taaffe, Governance & Data Manager (resigned 31 July 2021)

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Reference and Administrative Details (continued)
for the year ended 31 August 2021

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
4 More London Riverside
London
SE1 2AU

CASTLE Trust
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Directors' report
for the year ended 31 August 2021

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Directors' report and a directors' report under company law. The directors confirm that the Annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Charities Statement of Recommended Practice (SORP) 2019.

CASTLE Trust (the Trust) operates one academy:

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 374 in the 2020 autumn school census.

All remaining transfer issues of Delce Academy to the Inspire Partnership were resolved during the previous financial year.

Structure, governance and management

a. 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 during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. 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.

c. Directors' indemnities

Subject to the provision of the Companies Act 2006, the 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.

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Directors' report (continued)
for the year ended 31 August 2021

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Directors

The current Articles of Association allow the Members to appoint up to eight directors through such process as they may determine.

The total number of directors (including the Chief Executive Officer) 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 Advisory Committees that include at least two parent members (the Trust refers to its Local Governing Bodies as Local Advisory Committees). 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 directors may appoint 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.

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

e. Policies 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 2020/21 financial year, the Trust subscribed to the National Governance Association, the NGA Learning Link and The Key for School Governors. As such, the directors and the Local Advisory Committee members have access to professional guidance and electronic training modules.

Please refer to the governance statement 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 2021

Structure, governance and management (continued)

f. Organisational structure

The Members of the Trust provide oversight of the governance of the Trust using an 'eyes on, hands off' approach. All Members were 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 amend 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 are the following sub-committees, working parties and panels:

The Audit Committee
Greenway Academy Local Advisory Committee
CEO Performance Review Panel

The Trust Board and the Audit Committee continued to function throughout the pandemic virtually.

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. Since September 2022, an interim Executive support consultant has been fulfilling the role of Accounting Officer due to an extended period of absence of the Chief Executive Officer. This off payroll appointment was agreed by the ESFA.

g. Arrangements for setting pay and remuneration of key management personnel

A CEO's Performance Review Panel is in place to review the performance and pay for the CEO. The Panel meets at least once a year to evaluate the performance of the CEO and, depending on the results of this, make reward decisions. The performance and pay for Key Management Personnel is considered by the Audit Committee. The salary and rewards of Key Management Personnel are restricted by budgets and limited to bands which the CEO Performance Review Panel and Audit Committee review and agree upon.

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Directors' report (continued)
for the year ended 31 August 2021

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

	£	
Total cost of facility time	-	
Total pay bill	1,795,588	
Percentage of total pay bill spent on facility time	-	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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i. Related parties and other connected charities and organisations

In connection with the proposed transfer of Greenway Academy to GLF Schools, the Trust continued to work in partnership with GLF.

Further details regarding other related parties can be found within the notes to the financial statements.

Objectives and activities

a. Objects and aims

The principal object and aim of the Trust is to advance educational benefit in the UK by providing a broad and balanced curriculum in its schools that satisfies the requirements of the Education Act 2002 and meets the needs of primary pupils of all abilities so that they become:

- Successful learners who make progress and achieve;
- Confident individuals who lead safe and healthy lives.

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Directors' report (continued)
for the year ended 31 August 2021

Objectives and activities (continued)

b. Objectives, strategies and activities

The main objectives of the Trust are:

- Provide a stimulating learning environment that motivates all pupils to achieve their full potential;
- Provide a caring and supportive environment in which pupils feel happy, confident and safe;
- Provide a broad and balanced curriculum that meets the needs of all pupils;
- Encourage the development of lively, enquiring minds capable of independent thought and expression;
- Encourage pupils to develop a range of personal skills that enables them to deal with challenge and change;
- Work in partnership with parents and carers to achieve the best outcomes for pupils;

The priorities for the Trust are:

- Continue to improve standards of attainment and progress to national levels, as a minimum;
- Ensure all pupil groups achieve their maximum potential, with particular regard to disadvantaged pupils, ensuring pupil premium funding is highly impactful;
- 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;
- Ensure high quality systems of assessment are used to inform teachers and parents about the next steps for pupils, maximising their progress over Key Stage 2.
- Ensure policy, practise, support and challenge in school supports the school's pupils to achieve national targets;
- Ensure all pupils are safeguarded, learn to keep themselves safe and understand and respect diversity;
- Continue to develop leadership capacity at all levels

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, 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;

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;
- Embed an effective assessment policy, using formative and summative data to best inform teaching and learning.

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Directors' report (continued)
for the year ended 31 August 2021

Objectives and activities (continued)

Leadership and Governance

- Support the school team to adapt well to new ways of working as a result of the global pandemic;
- Support the school community through the global pandemic, minimizing the impact on children's academic progress, including their mental and physical well-being;
- Continue to provide development opportunities for directors based on skills audit;
- Continue to develop understanding and use of data in school, by all, so that support and challenge is tightly focussed on areas for improvement.

c. 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 its these aims and objectives are clearly for the public benefit.

Strategic report

Achievements and performance

Through operating Greenway Academy, the Trust, within the parameters of the global pandemic, continued to:

- Provide a stimulating learning environment that motivates all pupils to achieve their full potential;
- Provide a caring and supportive environment in which pupils feel happy, confident and safe;
- Provide a broad and balanced curriculum that meets the needs of all pupils;
- Encourage the development of lively, enquiring minds capable of independent thought and expression;
- Encourage pupils to develop a range of personal skills that enables them to deal with challenge and change;
- Work in partnership with parents and carers to achieve the best outcomes for pupils;

The Trust was issued with a Financial Notice to Improve (May 2021); the Trust has an agreed Action Plan addressing the financial issues of the Trust, returning it to a balanced budget.

The Trust worked with its school to ensure all government guidelines were implemented and that children received a positive educational experience either in school or via online portals.

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Directors' report (continued)
for the year ended 31 August 2021

Strategic report (continued)

Achievements and performance (continued)

a. Key performance indicators

Greenway Academy:

Official data is the 2019 data as Formal SATS were not completed as a result of COVID-19.

Internal school data at the end of the academic year showed that children had accessed high quality remote learning and benefitted from returning to school. Transition to Key Stage 3 was a key priority for the school, ensuring that the receiving schools had high quality, informative, accurate data on children transferring into Year 7.

Moderated school data showed that over the four years, the children had achieved accelerated progress from a very low on-entry point in Year 3.

- Maths progress +2.0
- Writing progress +2.7
- Reading progress +4.2

Combined expected 71%
Combined GD 13%

Key groups

SEN positive progress

- Maths +0.6
- Writing +1.8
- Reading +2.8

PP Children

- Maths -1.1
- Writing +0.8
- Reading +3.9

- High levels of attendance was achieved for all pupils, whether on-site or virtually
- Attendance of key worker pupils and vulnerable pupils continued to be high throughout the academic year
- Attendance during the return to school offer was very high, with few children absent from school
- The school ensured through lock down that remote learning was available for all children, applied for and issued out laptops allocated by the Government for disadvantaged pupils. Barriers were acknowledged and removed where possible for the school community.
- Safeguarding procedures were paramount, ensuring all families were in contact with the school throughout lockdown, protecting children and supporting their mental well-being.

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Directors' report (continued)
for the year ended 31 August 2021

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

Based on funding assurances received from the ESFA and subsequently shared with the trust's auditors, the Trustees have been advised and are satisfied that the Trust can be wound up in an orderly manner and meet all of its liabilities.

The Trustees have been in discussion with the RSC/ESFA and GLF Schools to transfer Greenway Academy to GLF. GLF approved for their transfer to take place on 1 September 2022 and based on this, the Trustees have made the decision to wind up the Trust in as soon as possible after 1 September 2022. Therefore, the Trust has prepared these accounts on a basis other than a going concern.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies note 1.2.

Financial Review

During the period to 31 August 2021 income, including capital income, was £2,258,027 of which £89,370 was unrestricted income. Total expenditure for the period to 31 August 2021 was £1,933,625 of which:

- Employee costs of £1,491,716 represented 77% of total expenditure

Represented by:

- Teaching and educational support £1,028,041 equals 69% of employee costs
- Other staff £463,675 equals 31% of employee costs
- Premises related costs of £78,786 represented 4% of total expenditure
- Educational supplies and services of £93,339 represented 5% of total expenditure.

The operating surplus excluding pension reserve adjustments for the period ended 31 August 2021 was £324,402. This includes depreciation charges of £118,993. In addition, a provision for staff restructuring costs made in the prior year of £394,310 were reversed in the 2021 financial year due to resignation and retirement of leadership staff received in the year for which the provision was made due to the proposed closure of the Trust.

Expenditure in the year has supported the key objectives of the Trust with local budgets being set in partnership with individual schools and in line with individual school operational requirements.

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Directors' report (continued)
for the year ended 31 August 2021

a. Reserves policy

The Trustees review the level of reserves annually in line with the Trust Central Funding and Appeals Policy.

Types of Reserves

Trust reserves can be used for 'restricted' or unrestricted' purposes depending on the source of funding.

Unrestricted reserves can be defined as income funds from grants or donations that can be spent at the discretion of the Trustees.

Restricted reserves are mainly derived from government funded grants but may also include other grants or donations provided for a specific purpose.

Key Principles

Individual Academy Balances

For the purposes of monitoring, records of individual academy balances will be kept, however, at the year-end, any academy balances being carried forward will be considered under the Trust policies and guidance in relation to reserves and budget setting. All funds remain that of the Trust and will be consolidated into the annual financial Statements. However, individual academy reserve balances of £10,000 will be reported in the annual financial statements.

Each academy will report a £10,000 surplus, with any other surplus or deficit identified in the annual financial statements being consolidated into the Central Trust reserves. The Trust's Central reserves balance may be compromised of restricted or unrestricted reserves.

Any balance in relation to restricted funding being consolidated into reserves will be reported to Trustees in a separate report.

Academies leaving or joining the Trust

Should any academy not be part of the Trust in future periods the level of reserves and cash transferred with that academy will be equivalent to that which is shown in the annual financial statements of £10,000 under the analysis of Academies by Fund Balance section.

An academy that joins the Trust will be given the medium term to build up its individual reserves to the required level. The Trustees will assess each academy individually and may make amendments to this target or offer financial support and investment from reserves held.

The Academy Trust's current level of reserves is £3,203,438 as at 31 August 2021, which includes unrestricted funds of £81,540 and restricted income funds of (£696,792).

The Trust also has £10,737 of free capital reserves.

The restricted fund (excluding restricted fixed asset funds) at 31 August 2021 is in deficit by £696,792. This arises from the pension reserve fund, which represents the Trust's share of the LGPS fund deficit of £776,000 calculated in accordance with Financial Reporting Standard (FRS) 102, by both Barnett Waddingham LLP and Hymans Robertson LLP. Employer contributions are reviewed every three years in consultation with the scheme's administrators and employer contributions due by the Academy Trust have been fixed for the three years from April 2020.

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Directors' report (continued)
for the year ended 31 August 2021

b. Investment policy

The Trustees 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.

c. Principal risks and uncertainties

The Trustees consider the principal risks and uncertainties to be:

- Financial viability in connection with transfer of Greenway Academy
- Uncertainty surrounding the impact of Covid-19 for 2021/22 in terms of health, safety and wellbeing of pupils and staff and the potential for further school closures
- The transfer of Greenway Academy to another Trust
- Confidence of staff and parents at Greenway Academy

Fundraising

The Trust does not work with or use any commercial participators or professional fundraisers. All funds from fundraising are recorded voluntary fund financial system and funds are received and monitored by Headteachers. Any complaints regarding fundraising should be referred to the Trusts complaints policy. The trust does not promote any intrusive or persistent fundraising approaches and wishes to ensure the safeguarding and protection of the public, including vulnerable groups.

Plans for future periods

The Trustees have been in discussion with the RSC/ESFA and GLF Schools to transfer Greenway Academy to GLF Schools on 1 September 2022 and wind up the Trust as soon as possible thereafter.

Funds held as custodian on behalf of others

The Trust holds no funds on behalf of others.

Provision of information to auditor

The Trustees have confirmed that, in so far as they are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that 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. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Members.

The Directors' report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 6 April 2022 and signed on its behalf by:



Mr C D Du Gray
Chair of Trustees

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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.

As Directors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of Directors 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 of Directors 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 of Directors has formally met 7 times during the 2020/21 academic year.

Attendance during the year at meetings of the board of Directors was as follows:

Director	Meetings attended	Out of a possible
Mrs N Brosnan	6	7
Mr T Crayden, Vice Chair (from 6 July 2021)	7	7
Mr C Purchase, Chair (resigned 21 June 2021)	5	6
Ms K White, Chief Executive Officer and Accounting Officer	7	7
Mr C D Du Gray, Vice Chair (to 6 July 2021), Chair (from 6 July 2021)	7	7

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

The board over the year have focussed on working with the ESFA to respond to the challenges outlined in the Financial Notice to Improve. This led to the appointment of an external consultant who recommended to the board by the Department for Education.

The Audit 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 1 time during the year.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
Mrs N Brosnan	1	1
Mr T Crayden	1	1
Mr C Du Gray, Chair	1	1
Mr C Purchase	1	1

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Governance Statement (continued)

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 of Directors 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 working with the ESFA to agree budgets for future years.

The purpose of the system of internal control

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

Capacity to handle risk

The Board of Directors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors 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 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Audit Committee and the Board of Directors.

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 of Directors
- regular reviews by the Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

The Board of Directors has decided not to appoint an internal auditor.

The newly revised FRC Ethical Standard for auditors meant that Kreston Reeves LLP resigned as internal auditor to comply with the Standard at the end of the academic year 2019-20.

The Trust did not engage any external auditor to provide internal scrutiny across the year due to the long term absence of the Chief Financial Officer.

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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:

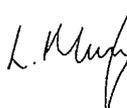
- correspondence from ESFA e.g. Financial Notice to Improve;
- the work of the external auditor;
- the school resource management self-assessment tool;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the review of the ESFA via the Financial Notice to Improve. An action plan to address the weaknesses and ensure the Trust is compliant with the Notice has been produced and approved by the ESFA. The accounting officer continues to work towards implementing the action plan.

Approved by order of the members of the Board of Directors on 6 April 2022 and signed on their behalf by:



Mr C D Du Gray
Chair of Trustees



Mr L Miller MBE
Interim Accounting Officer

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Statement on Regularity, Propriety and Compliance

As accounting officer of CASTLE Trust I have considered my responsibility to notify the Academy Trust board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy Trust board of Directors are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2020.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of Directors and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of Directors and ESFA:

As highlighted in the Financial Notice to Improve issued in May 2021:

- The Trust failed to ensure oversight and management of financial decisions, leading to a seriously deteriorated financial position at the Trust
- The Trust failed to ensure regularity and propriety in use of the trust's funds, and achieve economy, efficiency and effectiveness
- The Trust failed to make any significant changes to its budget for the financial year to 31 August 2021 which led to a seriously deteriorated financial position at the Trust.

In addition to the above, the following has also been identified:

- The Trust failed to direct a programme of internal scrutiny during the financial year to 31 August 2021
- The Trust failed to submit its annual financial statements for the financial year to 31 August 2020 to the Registrar of Companies House on time resulting in a penalty being issued which does not represent value for money
- The Trust failed to publish its annual financial statements for the financial year to 31 August 2020 on the Trust's website.



Mr L Miller MBE
Interim Accounting Officer
Date: 6 April 2022

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**Statement of Directors' responsibilities
for the year ended 31 August 2021**

The Directors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 of Directors on 6 April 2022 and signed on its behalf by:



Mr C D Du Gray
Chair of Trustees

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 (the 'academy trust') for the year ended 31 August 2021 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

Emphasis of matter - financial statements prepared on a basis other than that of going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the Academy Trust's ability to continue as a going concern.

As disclosed in notes 1.1 and 1.2, the Trustees have concluded that the Academy Trust is not a going concern following the decision to transfer its operations to an alternative multi-academy Trust. The financial statements have been prepared on a basis other than that of going concern.

CASTLE Trust
(A company limited by guarantee)

Independent auditor's Report on the financial statements to the Members of CASTLE Trust (continued)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report including the Strategic report for the financial year 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Directors' responsibilities statement, 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 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 (continued)

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.

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

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Academy Trust and the sector, and through discussion with the Trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to child protection and safeguarding, health and safety and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Statement of Recommended Practice, Academies Accounts Direction, Academies Financial Handbook, taxation, and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of land and buildings and revenue and non-compliance with financial management and governance requirements which are consistent with the obligations of public funded bodies. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management and internal audit; and
- Assessment of identified fraud risk factors; and
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and
- Consideration of income streams, completeness of income and compliance with the obligations of funders including the ESFA
- Testing of internal controls procedures relating to expenditure potentially more susceptible to fraud and other irregularities including the misuse of public funding in areas such as payroll and credit card expenditure; and
- Review of credit card expenditure to confirm no evidence of personal benefit; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Checking and reperforming the reconciliation of key control accounts; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax and regulatory authorities; and
- Review of internal controls and physical inspection of tangible assets susceptible to fraud or irregularity; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and

CASTLE Trust
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Independent auditor's Report on the financial statements to the Members of CASTLE Trust (continued)

- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Academy Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CASTLE Trust
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Independent auditor's Report on the financial statements to the Members of CASTLE Trust (continued)

Use of our report

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



Susan Robinson BA FCA FCIE DChA MCMI (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
Chatham Maritime

12 May 2022

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 31 August 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CASTLE Trust during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to CASTLE Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to CASTLE Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than CASTLE Trust and 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 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

The work undertaken to draw to our conclusions include:

- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Ensured that grants have been applied for the purposes intended
- Confirmed items claimed on credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed Board of 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
- Considered if the Trust's governance arrangements and composition are in-line with the Academies Financial Handbook 2020

CASTLE Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to CASTLE Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

As highlighted in the Financial Notice to Improve issued in May 2021:

- The Trust failed to ensure oversight and management of financial decisions, leading to a seriously deteriorated financial position at the Trust
- The Trust failed to ensure regularity and propriety in use of the trust's funds, and achieve economy, efficiency and effectiveness
- The Trust failed to make any significant changes to its budget for the financial year to 31 August 2021 which led to a seriously deteriorated financial position at the Trust

In addition to the above, our work has identified the following matters:

- The Trust failed to direct a programme of internal scrutiny during the financial year to 31 August 2021
- The Trust has failed to submit its annual financial statements for the financial year to 31 August 2020 to the Registrar of Companies House on time resulting in a penalty being issued which does not represent value for money
- The Trust failed to publish its annual financial statements for the financial year to 31 August 2020 on the Trust's website



Reporting Accountant
Kreston Reeves LLP

Date: 12 May 2022

CASTLE Trust
(A company limited by guarantee)

**Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 August 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	4	13,227	-	69,941	83,168	11,730
Charitable activities	5	-	2,098,716	-	2,098,716	3,084,391
Other trading activities	6	75,717	-	-	75,717	146,256
Investments	7	426	-	-	426	731
Total income		89,370	2,098,716	69,941	2,258,027	3,243,108
Expenditure on:						
Charitable activities	9	(1,670)	1,816,302	118,993	1,933,625	4,296,163
Transfer of existing academy out of trust		-	-	-	-	2,073,768
Total expenditure		(1,670)	1,816,302	118,993	1,933,625	6,369,931
Net income / (expenditure)		91,040	282,414	(49,052)	324,402	(3,126,823)
Transfers between funds	18	(9,500)	9,500	-	-	-
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	25	-	(146,000)	-	(146,000)	(494,000)
Net movement in funds		81,540	145,914	(49,052)	178,402	(3,620,823)
Reconciliation of funds:						
Total funds brought forward	18	-	(842,706)	3,867,742	3,025,036	6,645,859
Net movement in funds	18	81,540	145,914	(49,052)	178,402	(3,620,823)
Total funds carried forward		81,540	(696,792)	3,818,690	3,203,438	3,025,036

All of the Academy Trust's activities derive from discontinuing operations. Further details can be found at note 1.2 to the financial statements.

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

The notes on pages 28 to 58 form part of these financial statements.

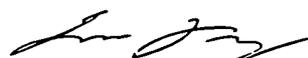
CASTLE Trust
(A company limited by guarantee)
Registered number: 08850163

Balance sheet
as at 31 August 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	15	3,807,953	3,855,337
Current assets			
Debtors	16	26,707	12,148
Cash at bank and in hand		230,017	204,594
		<u>256,724</u>	<u>216,742</u>
Creditors: amounts falling due within one year	17	(85,239)	(524,043)
Net current assets / liabilities		<u>171,485</u>	<u>(307,301)</u>
Total assets less current liabilities		<u>3,979,438</u>	<u>3,548,036</u>
Defined benefit pension scheme liability	25	(776,000)	(523,000)
Total net assets		<u><u>3,203,438</u></u>	<u><u>3,025,036</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	18	3,818,690	3,867,742
Restricted income funds	18	79,208	(319,706)
Pension reserve	18	(776,000)	(523,000)
Total restricted funds	18	<u>3,121,898</u>	<u>3,025,036</u>
Unrestricted income funds	18	<u>81,540</u>	<u>-</u>
Total funds		<u><u>3,203,438</u></u>	<u><u>3,025,036</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 25 to 58 were approved by the Directors, and authorised for issue on 06 April 2022 and are signed on their behalf, by:



Mr C D Du Gray
 (Chair of Trustees)

The notes on pages 28 to 58 form part of these financial statements.

CASTLE Trust
(A company limited by guarantee)

Statement of cash flows
for the year ended 31 August 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	26,666	(253,496)
Cash flows from investing activities	21	(1,243)	(15,803)
Change in cash and cash equivalents in the reporting period		25,423	(269,299)
Cash and cash equivalents at 1 September 2019		204,594	473,893
Cash and cash equivalents 31 August 2020	22, 23	230,017	204,594

The notes on pages 28 to 58 form part of these financial statements

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2021

1. General information

CASTLE Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is c/o Womble Bond Dickinson (UK) LLP, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne, NE1 3DX. The place of business is Greenway Academy, Greenway, Horsham, West Sussex, RH12 2JS. The principal activity of the Academy Trust is to provide a primary education for pupils that satisfies the requirements of the Education Act 2002.

2. Accounting policies

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.

2.1 Basis of preparation of financial statements - that other than going concern

As indicated in note 1.2, the Academy Trust is not considered to be a going concern. The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under a basis other than that of a going concern in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. Under the basis other than that of a going concern, which includes where appropriate, writing down the Academy Trust's assets to net realisable value. The financial statements do not include provision for future costs of terminating the activity of the Academy Trust, except to the extent that such costs were committed at the balance sheet date.

2.2 Going concern

The Trustees have been in discussion and reached agreement with RSC/ESFA and GLF schools to transfer Greenway Acsdemy to GLF on 1 September 2022 and based on this, the Trustees have made the decision to wind up the Trust as soon as possible following the transfer.

Based on the above, the Trustees do not consider the Academy Trust to be a going concern. As indicated in note 1.1 these financial statements have been prepared on the basis that the Academy Trust is not a going concern, with the Academy Trust ceasing to operate at the date of transfer.

2.3 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 the funders where the asset acquired or created is held for a specific purpose.

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

Investment income, gains and losses are allocated to the appropriate fund.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2021

2. Accounting policies (continued)

2.4 Income

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

• **Grants**

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

2.5 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.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

CASTLE Trust
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Notes to the financial statements
for the year ended 31 August 2021

2. Accounting policies (continued)

2.6 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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:

Depreciation is provided on the following bases:

Freehold land and buildings	- 2% straight line
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.

2.7 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.8 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.

2.9 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2021

2. Accounting policies (continued)

2.10 Provisions

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.

2.11 Cash at bank and in hand

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

2.12 Operating leases: the Academy Trust as a lessor

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

2.13 Operating leases: the Academy as lessee

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

2.14 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.15 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2021

2. Accounting policies (continued)

2.16 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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for the year ended 31 August 2021

3. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets

The Academy Trust has recognised tangible fixed assets with a carrying value of £3,807,953 at the reporting date (see note 15). 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 Trustees 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.

Restructuring provision

Provision was made for restructuring obligations arising from the closure of the Trust in the prior year. This provision required management's best estimate of the costs that were to be incurred, due to continued negotiations regarding the exit basis, based on legislative and contractual requirements.

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Notes to the financial statements
for the year ended 31 August 2021.

3. Critical accounting estimates and areas of judgement (continued)

Critical areas of judgement:

Lease commitments

The Academy Trust has entered into a range of lease commitments in respect of 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 25 for further details.

Going concern

In the judgement of the Trustees it is appropriate to prepare the financial statements on a basis other than that of going concern. See note 1.2 for further details.

4. Income from donations and capital grants

	Unrestricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	13,227	-	13,227	3,264
Capital grants	-	69,941	69,941	8,466
Total 2021	13,227	69,941	83,168	11,730
Total 2020	3,264	8,466	11,730	

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Notes to the financial statements
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5. Funding for the Academy Trust's educational operations

	Restricted funds 2021 £	Total funds 2021 £	As restated Total funds 2020 £
DfE/ESFA grants			
General Annual Grant (GAG)	1,428,750	1,428,750	2,530,641
Other DfE/ESFA grants			
Pupil premium	56,608	56,608	129,072
Teachers pensions grant	63,198	63,198	107,605
Others	50,440	50,440	98,277
Non-recoverable ESFA funding	440,000	440,000	-
	<u>2,038,996</u>	<u>2,038,996</u>	<u>2,865,595</u>
Other Government grants			
Local authority grants	22,488	22,488	218,796
	<u>22,488</u>	<u>22,488</u>	<u>218,796</u>
COVID-19 additional funding (DfE/ESFA)			
Catch-up Premium	29,920	29,920	-
COVID-19 exceptional costs	7,312	7,312	-
	<u>37,232</u>	<u>37,232</u>	<u>-</u>
	<u><u>2,098,716</u></u>	<u><u>2,098,716</u></u>	<u><u>3,084,391</u></u>
Total 2020 as restated	<u><u>3,084,391</u></u>	<u><u>3,084,391</u></u>	

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

The trust received £29,920 of funding for catch-up premium and costs incurred in respect of this funding totalled £29,920.

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**Notes to the financial statements
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6. Other trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Hire of facilities	39,361	39,361	43,206
School trip and voluntary fund income	(2,207)	(2,207)	36,476
Other income	38,563	38,563	66,574
Total 2021	<u>75,717</u>	<u>75,717</u>	<u>146,256</u>
Total 2020	<u>146,256</u>	<u>146,256</u>	

7. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Bank interest	426	426	731
Total 2020	<u>731</u>	<u>731</u>	

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Notes to the financial statements
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8. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £	Total 2020 £
Academy Trust's educational operations					
Direct costs	1,028,041	-	97,123	1,125,164	2,952,493
Allocated support costs	463,675	78,786	266,000	808,461	1,343,670
Transfer of existing Academy out of Trust	-	-	-	-	2,073,768
Total 2021	<u>1,491,716</u>	<u>78,786</u>	<u>363,123</u>	<u>1,933,625</u>	<u>6,369,931</u>
Total 2020	<u>3,466,393</u>	<u>332,958</u>	<u>2,570,580</u>	<u>6,369,931</u>	

9. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Educational activities	<u>1,125,164</u>	<u>808,461</u>	<u>1,933,625</u>	<u>4,296,163</u>
Total 2020	<u>2,952,493</u>	<u>1,343,670</u>	<u>4,296,163</u>	

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Notes to the financial statements
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Analysis of direct costs

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Maintenance of furniture & ICT	-	14,876	14,876	79,062
Educational supplies & services	(1,670)	57,157	55,487	160,109
Staff development & other staff costs	-	3,299	3,299	33,974
Professional fees - curriculum	-	23,461	23,461	75,396
Wages and salaries	-	760,851	760,851	1,999,540
National insurance	-	71,182	71,182	185,210
Pension cost	-	196,008	196,008	419,202
Total 2021	<u>(1,670)</u>	<u>1,126,834</u>	<u>1,125,164</u>	<u>2,952,493</u>
Total 2020	<u>52,218</u>	<u>2,900,275</u>	<u>2,952,493</u>	

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Notes to the financial statements
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Analysis of support costs

	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
FRS102 pension finance cost (note 25)	8,000	8,000	7,000
Staff costs	463,675	463,675	862,441
Depreciation	118,993	118,993	133,740
Maintenance of premises & equipment	31,866	31,866	44,371
Rates & water	17,303	17,303	28,962
Insurance	6,858	6,858	12,294
Equipment & services - non curriculum	17,645	17,645	36,241
Internal audit costs	2,000	2,000	1,250
Catering	4,804	4,804	31,925
Light & heat	29,617	29,617	34,529
Legal and professional fees - transfer out	19,519	19,519	81,345
Legal and professional fees - other	40,621	40,621	25,000
Auditor's remuneration	17,795	17,795	11,550
Auditor's remuneration - other audit costs	2,720	2,720	2,855
Other support costs	27,045	27,045	30,167
Total 2021	808,461	808,461	1,343,670
Total 2020	1,343,670	1,343,670	

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	2,439	6,034
Depreciation of tangible fixed assets	118,993	133,740
Internal audit costs	2,000	1,250
Fees paid to auditor for:		
- audit	17,795	11,550
- other services	2,720	2,855

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**Notes to the financial statements
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11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	1,035,366	2,178,611
Social security costs	94,509	229,297
Pension costs	346,808	622,026
	<u>1,476,683</u>	<u>3,029,934</u>
Agency staff costs	15,033	121,867
Staff restructuring costs	-	314,592
	<u>1,491,716</u>	<u>3,466,393</u>

Staff restructuring costs comprise:

	2021 £	2020 £
Redundancy payments	-	92,011
Severance payments	-	16,009
PILON	-	206,572
	<u>-</u>	<u>314,592</u>

In the prior year, the trust made a provision for restructuring costs pending the closure of the Trust amounting to £309,098. However, following the Trust receiving the resignation of those individuals, the provision is no longer required and has been reversed in the current year.

b. Staff numbers

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

	2021 No.	2020 No.
Teachers	23	35
Admin and Support	31	47
Management	5	6
	<u>59</u>	<u>88</u>

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Notes to the financial statements
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11. Staff (continued)

b. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2021	2020
	No.	No.
Teachers	20	30
Admin and Support	14	25
Management	5	6
	39	61

c. Higher paid staff

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

	2021	As restated 2020
	No.	No.
In the band £70,001 - £80,000	1	1
In the band £110,001 - £120,000	1	1

The prior year bandings have been restated to reflect the true employee benefits expensed in that financial period. As mentioned above, the 2020 financial statements included a provision for restructuring costs pending the closure of the Trust which are no longer required in the 2021 financial year following the resignation of those individuals being received.

The employees participated in the Teachers' Pension Scheme and Local Government Pension Scheme. During the year ended 31 August 2021 pension contributions for these employees amounted to £43,866 (2020 restated: £41,480).

d. Key management personnel

The key management personnel of the Academy Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £330,294 (2020 restated: £330,486).

The prior year has been restated to reflect the true employee benefits expensed in that financial period. As mentioned above, the 2020 financial statements included a provision for restructuring costs pending the closure of the Trust which are no longer required in the 2021 financial year following the resignation of those individuals being received.

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12. 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 staff members under their contracts of employment. The value of Directors' remuneration and other benefits was as follows:

		2021	As restated 2020
		£	£
Ms K White, Chief Executive Officer and Accounting Officer	Remuneration	115,000 -	110,000 -
		120,000	115,000
	Pension contributions paid	25,000 -	25,000 -
		30,000	30,000

As detailed in note 11, the prior year disclosure has been restated to reflect the true remuneration received in the 2020 financial year. The 2020 financial statements included a provision for restructuring costs pending the closure of the Trust which is no longer required in the 2021 financial year following the resignation of those individuals being received.

During the year ended 31 August 2021, expenses totalling £810 were reimbursed or paid directly to 1 Director (2020 - £5,862 to 3 Directors).

Other related party transactions involving the trustees are set out in note 29.

13. Directors' and Officers' insurance

The Academy Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Directors 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 membership.

14. Other finance expense

	2021	2020
	£	£
Interest on pension scheme liabilities	8,000	7,000
	<u>8,000</u>	<u>7,000</u>

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15. Tangible fixed assets

	Freehold land & buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 September 2020	4,160,033	561,687	4,721,720
Additions	71,610	-	71,610
At 31 August 2021	<u>4,231,643</u>	<u>561,687</u>	<u>4,793,330</u>
Depreciation			
At 1 September 2020	467,409	398,974	866,383
Charge for the year	66,119	52,875	118,994
At 31 August 2021	<u>533,528</u>	<u>451,849</u>	<u>985,377</u>
Net book value			
At 31 August 2021	<u><u>3,698,115</u></u>	<u><u>109,838</u></u>	<u><u>3,807,953</u></u>
At 31 August 2020	<u><u>3,692,624</u></u>	<u><u>162,713</u></u>	<u><u>3,855,337</u></u>

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

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16. Debtors

	2021	2020
	£	£
Due within one year		
Trade debtors	2,344	-
VAT recoverable	1,753	2,457
Prepayments and accrued income	22,610	9,691
	26,707	12,148

17. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	2,168	8,461
Other taxation and social security	25,319	31,612
Other creditors	39,075	60,438
Accruals and deferred income	18,677	423,532
	85,239	524,043

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**Notes to the financial statements
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18. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General Funds.	-	89,370	1,670	(9,500)	-	81,540
Restricted general funds						
General Annual Grant (GAG)	(319,706)	1,428,750	(957,336)	(72,500)	-	79,208
Pupil premium	-	56,608	(56,608)	-	-	-
Teachers pensions	-	63,198	(63,198)	-	-	-
COVID catchup	-	29,920	(29,920)	-	-	-
ESFA emergency funding	-	440,000	(440,000)	-	-	-
Other DfE/ESFA funds	-	57,752	(57,752)	-	-	-
Other government grants	-	22,488	(22,488)	-	-	-
Pension reserve	(523,000)	-	(189,000)	82,000	(146,000)	(776,000)
	<u>(842,706)</u>	<u>2,098,716</u>	<u>(1,816,302)</u>	<u>9,500</u>	<u>(146,000)</u>	<u>(696,792)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	3,855,337	-	(118,993)	71,609	-	3,807,953
DfE/ESFA Capital grants	12,405	69,941	-	(71,609)	-	10,737
	<u>3,867,742</u>	<u>69,941</u>	<u>(118,993)</u>	<u>-</u>	<u>-</u>	<u>3,818,690</u>
Total Restricted funds	<u>3,025,036</u>	<u>2,168,657</u>	<u>(1,935,295)</u>	<u>9,500</u>	<u>(146,000)</u>	<u>3,121,898</u>
Total funds	<u>3,025,036</u>	<u>2,258,027</u>	<u>(1,933,625)</u>	<u>-</u>	<u>(146,000)</u>	<u>3,203,438</u>

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Notes to the financial statements
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18. Statement of funds (continued)

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

Unrestricted funds are applied to the general work of the Academy Trust to support activities inside and outside the curriculum.

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

Pupil premium funding is provided in order to be used to support disadvantaged pupils and to assist them in decreasing the attainment gap between those pupils and their peers.

Teachers' pension grants are to provide support to schools in respect of the teachers' pay awards.

The catch-up premium is a one-off grant for the 2020/21 academic year to support children and young people to catch up lost time after school closure, with allocations calculated on a per pupil basis, using census data, in line with the general annual grant (GAG).

Other DfE/ESFA grants represent those grants provided for specific purposes to provide educational support to the pupils where required.

ESFA emergency funding represents non-recoverable funding to aid the Academy Trust with negative cashflows.

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.

Other government grants within the Restricted Fixed Asset Fund represent capital grants provided 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 it could carry forward at 31 August 2021.

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Notes to the financial statements
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18. Statement of funds (continued)

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

	Balance at 1 September 2019 £	As restated Income £	As restated Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	364,934	150,251	(52,218)	(462,967)	-	-
Restricted general funds						
General Annual Grant (GAG)	81,944	2,530,641	(3,271,258)	338,967	-	(319,706)
Pupil premium	-	129,072	(129,072)	-	-	-
Teachers pensions	-	107,605	(107,605)	-	-	-
Other DfE/ESFA funds	-	98,277	(98,277)	-	-	-
Other government grants	817	218,796	(219,613)	-	-	-
Pension reserve	(798,000)	-	645,000	124,000	(494,000)	(523,000)
	<u>(715,239)</u>	<u>3,084,391</u>	<u>(3,180,825)</u>	<u>462,967</u>	<u>(494,000)</u>	<u>(842,706)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	6,918,845	-	(3,063,508)	-	-	3,855,337
DfE/ESFA Capital grants	77,319	8,466	(73,380)	-	-	12,405
	<u>6,996,164</u>	<u>8,466</u>	<u>(3,136,888)</u>	<u>-</u>	<u>-</u>	<u>3,867,742</u>
Total Restricted funds	<u>6,280,925</u>	<u>3,092,857</u>	<u>(6,317,713)</u>	<u>462,967</u>	<u>(494,000)</u>	<u>3,025,036</u>
Total funds	<u><u>6,645,859</u></u>	<u><u>3,243,108</u></u>	<u><u>(6,369,931)</u></u>	<u><u>-</u></u>	<u><u>(494,000)</u></u>	<u><u>3,025,036</u></u>

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**Notes to the financial statements
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18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £	2020 £
Greenway Academy	10,000	10,000
Castle Trust	150,748	(329,706)
Total before fixed asset funds and pension reserve	160,748	(319,706)
Restricted fixed asset fund	3,818,690	3,867,742
Pension reserve	(776,000)	(523,000)
Total	3,203,438	3,025,036

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2021 £	Total 2020 £
Delce Academy	-	-	-	-	-	238,200
Greenway Academy	-	78,338	77,462	72,586	228,386	242,219
Castle Trust	1,028,041	385,337	15,877	156,991	1,586,246	3,682,004
Transfer of academy out of Trust	-	-	-	-	-	2,073,768
Academy Trust	1,028,041	463,675	93,339	229,577	1,814,632	6,236,191

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19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	3,807,953	3,807,953
Current assets	77,284	168,703	10,737	256,724
Creditors due within one year	4,256	(89,495)	-	(85,239)
Provisions for liabilities and charges	-	(776,000)	-	(776,000)
Total	81,540	(696,792)	3,818,690	3,203,438

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	3,855,337	3,855,337
Current assets	(3,367)	207,704	12,405	216,742
Creditors due within one year	3,367	(527,410)	-	(524,043)
Provisions for liabilities and charges	-	(523,000)	-	(523,000)
Total	-	(842,706)	3,867,742	3,025,036

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Notes to the financial statements
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20. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2021 £	2020 £
Net income/(expenditure) for the year (as per Statement of financial activities)	324,402	(3,126,823)
Adjustments for:		
Depreciation	118,994	133,740
Capital grants from DfE and other capital income	(69,941)	(8,466)
Interest receivable	(426)	(731)
Defined benefit pension scheme cost less contributions payable	99,000	105,000
Defined benefit pension scheme finance cost	8,000	7,000
(Increase)/decrease in debtors	(14,559)	81,292
(Decrease)/increase in creditors	(438,804)	481,724
Existing academy transferred out of Trust	-	2,073,768
Net cash provided by/(used in) operating activities	26,666	(253,496)

21. Cash flows from investing activities

	2021 £	2020 £
Dividends, interest and rents from investments	426	731
Purchase of tangible fixed assets	(71,610)	-
Capital grants from DfE Group and other capital income	69,941	8,466
Cash on transfer of existing Academy out of Trust	-	(25,000)
Net cash used in investing activities	(1,243)	(15,803)

22. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	230,017	204,594
Total cash and cash equivalents	230,017	204,594

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23. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	204,594	25,423	230,017
	<u>204,594</u>	<u>25,423</u>	<u>230,017</u>

24. Capital commitments

	2021 £	2020 £
Contracted for but not provided in these financial statements	-	71,040
	<u>-</u>	<u>71,040</u>

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25. Pension commitments

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

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

Contributions amounting to £35,307 were payable to the schemes at 31 August 2021 (2020 - £34,908) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £228,418 (2020 - £330,426).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

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25. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £108,000 (2020 - £163,000), of which employer's contributions totalled £82,000 (2020 - £124,000) and employees' contributions totalled £ 26,000 (2020 - £39,000). The agreed contribution rates for future years are 21.7% (West Sussex) and 21.0% (Kent) for employers and 5.5 to 12.5 per cent for employees.

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

Principal actuarial assumptions

Kent County Council Pension Fund

	2021	2020
	%	%
Rate of increase in salaries	3.90	3.25
Rate of increase for pensions in payment / inflation	2.90	2.25
Discount rate for scheme liabilities	1.65	1.60
Inflation assumption (CPI)	2.90	2.25
Inflation assumption (RPI)	3.20	3.05

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25. 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:

	2021	2020
	Years	Years
Retiring today		
Males	21.9	21.8
Females	23.8	23.8
Retiring in 20 years		
Males	23.3	23.2
Females	25.3	25.2

West Sussex County Council Pension Fund

	2021	2020
	%	%
Rate of increase in salaries	3.40	2.70
Rate of increase for pensions in payment/inflation	2.90	2.20
Discount rate for scheme liabilities	1.70	1.70
Inflation assumption (CPI)	2.90	2.20
Inflation assumption (RPI)	3.30	3.10

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

	2021	2020
	Years	Years
Retiring today		
Males	22.1	22.2
Females	24.4	24.2
Retiring in 20 years		
Males	23.1	23.3
Females	26.1	25.9

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25. Pension commitments (continued)

Sensitivity analysis

Kent County Council Pension Fund

	2021	2020
	£000	£000
Discount rate +0.1%	(26)	(21)
Discount rate -0.1%	27	21
Mortality assumption - 1 year increase	39	27
Mortality assumption - 1 year decrease	(37)	(26)
CPI rate +0.1%	24	19
CPI rate -0.1%	(23)	(18)

West Sussex County Council Pension Fund

	2021	2020
	£000	£000
Mortality assumption - 1 year increase (2020: no data)	65	-
Discount rate -0.1% (2020: -0.5%)	39	154
Salary rate +0.1% (2020: +0.5%)	2	8
Pension rate +0.1% (2020: +0.5%)	37	144

Share of scheme assets

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

	2021	2020
	£	£
Equities	1,071,000	871,000
Gilts	3,000	3,000
Other bonds	559,000	423,000
Property	166,000	137,000
Cash and other liquid assets	70,000	67,000
Absolute return fund	40,000	36,000
Total market value of assets	1,909,000	1,537,000

The actual return on scheme assets was £273,000 (2020 - £63,000).

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25. Pension commitments (continued)

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

	2021 £	2020 £
Current service cost	(181,000)	(229,000)
Interest income	27,000	34,000
Interest cost	(35,000)	(40,000)
Administrative expenses	-	(1,000)
Total amount recognised in the Statement of financial activities	(189,000)	(236,000)

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

	2021 £	2020 £
At 1 September	2,060,000	2,965,000
Current service cost	181,000	229,000
Transferred out on existing academies leaving the trust	-	(1,723,000)
Interest cost	35,000	40,000
Employee contributions	26,000	39,000
Actuarial losses	392,000	529,000
Benefits paid	(9,000)	(19,000)
At 31 August	2,685,000	2,060,000

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

	2021 £	2020 £
At 1 September	1,537,000	2,167,000
Administration expenses	-	(1,000)
Transferred out on existing academies leaving the trust	-	(842,000)
Interest income	27,000	34,000
Actuarial gains	246,000	35,000
Employer contributions	82,000	124,000
Employee contributions	26,000	39,000
Benefits paid	(9,000)	(19,000)
At 31 August	1,909,000	1,537,000

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26. Operating lease commitments

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

	2021 £	2020 £
Amounts due within one year	-	2,439

27. Lessor arrangements

At 31 August 2021 the total of the Academy Trust's future minimum lease receipts under non-cancellable operating leases was:

	2021 £	2020 £
Amounts due within one year	30,336	30,336
Amounts due between one and five years	121,344	121,344
Amounts due after five years	182,016	212,352
	<u>333,696</u>	<u>364,032</u>

28. 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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29. Related party transactions

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

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

Income Related Party Transaction

During the year the Trust received total income of £36,213 (2020: £32,954) from Greenway Nursery and Rainbow Club Ltd who operate a Nursery on Trust premises, of which Mrs H Fletcher-Reilly (a Member of CASTLE Trust) is a director along with family members. Income is comprised of £30,336 (2020: £30,336) lease payments as disclosed in note 27 plus additional income for maintenance charges and reimbursements of expenditure incurred. There were no amounts outstanding at 31 August 2021 (2020: £nil). The lease was entered into with GNRC Ltd prior to H Fletcher-Reilly becoming a member of the Trust. The lease arrangements have remained unchanged since H Fletcher-Reilly became a member, and are deemed to be at a market rate.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook.

30. Post balance sheet events

The Trustees have been in discussion with the RSC/ESFA and GLF Schools to transfer Greenway Academy to GLF Schools on 1 September 2022 and wind up the Trust as soon as possible thereafter.

31. 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.