

THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

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16/12/2013
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**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013**

Trustees

Mrs S Naylor, Chair (term of office expires 21 January 2014) (appointed 3 June 2011)^{1,2,3,4,5}
Mrs S Watson, Head Teacher (Office expires when no longer Headteacher at School) (appointed 3 June 2011)^{1,2,3,4,5}
Mrs M Fox, (term of office expires 31 August 2014) (appointed 13 September 2011)²
Mr P Haines, (term of office expires 18 November 2015) (appointed 3 June 2011)^{1,2,3,4,5}
Mr M Richmond, (term of office expires 9 July 2015) (appointed 3 June 2011)^{1,3,5}
Mr G Price, (term of office expires 13 October 2015) (appointed 18 October 2011)^{1,5}
Dr C Ritter, (term of office expires 19 December 2015) (appointed 13 September 2011)¹
Mr M Hindley, (term of office expires 21 January 2016) (appointed 3 June 2011)^{2,3,5}
Mr S Carter, (term of office expires 19 September 2016) (appointed 13 September 2011)¹
Mr D Jones, (term of office expires 17 December 2013) (appointed 1 August 2011, resigned 6 September 2013)¹
Dr M Yardley, (term of office expires 14 June 2014) (appointed 13 September 2011)^{1,2,4}
Mrs K Sladden, (term of office expires 16 October 2016) (appointed 3 June 2011)^{2,3,5}
Mrs S Pepper, Staff Governor (term of office expires 1 September 2014) (appointed 26 September 2011)^{4,5}
Mr D Usher-Clark, Staff Governor (term of office expires 16 September 2016) (appointed 17 September 2012)
Mr M Mac Closkey (appointed 13 December 2012)
Mr D Simpson, Staff Governor (term of office expires 16 September 2016) (appointed 17 September 2012)
Mr S Martin-Scott (appointed 13 September 2011, term of office expired 1 September 2012)
Mr P Eke (appointed 3 June 2011, resigned 20 September 2012)^{1,2,3,4,5}

- ¹ Premises committee
- ² Personnel committee
- ³ Members' Strategic committee
- ⁴ Finance committee
- ⁵ Education committee

**Company registered
number**

07657731

**Principal and Registered
office**

Wellington Road
Taunton
Somerset
TA1 5AU

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
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Advisers (continued)

Company secretary Miss J Gregory

Accounting officer Mrs S Watson

School Leadership Team

Mrs S Watson, Headteacher
Mrs F Gormley, Deputy Headteacher
Mrs L Clark, Deputy Headteacher
Mr B Warrender, Assistant Headteacher
Mr J Lamb, Assistant Headteacher
Ms A Crudgington, Business Manager

Independent auditors Bishop Fleming
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Bankers Lloyds TSB Bank plc
31 Fore Street
Taunton
Somerset
TA1 1HN

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees act as the Trustees for the charitable activities of The Castle School A Specialist Sports College and are also the directors of the Charitable Company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they cease to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

Principal Activity

The principal activities are

a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, and

b) to promote for the benefit of the inhabitants of Taunton and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1st July 2011, the Trustees appointed all those Governors that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

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

- Up to 5 Trustees who are appointed by members
- A minimum of 2 and up to 7 Parent Trustees who are elected by parents of registered pupils at the Academy
- Up to 3 staff Trustees appointed by the Board of Trustees
- Up to 3 co-opted Trustees who are appointed by the Board of Trustees
- The Headteacher who is treated for all purposes as being an ex officio Trustee

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

Policies and Procedures adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

There is a Trustees' away day organised each year which includes training sessions to keep all Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are committees as follows,

- Finance Committee - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels
- Education Committees - these meet twice a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues
- Admissions Committee which meets most weeks to deal with all matters relating to admissions
- Premises Committee – meets once a term to monitor premises and health and safety issues and prioritise capital works
- Personnel Committee – meets once a term for personnel issues and to consider staffing requirements of the school
- Pay Committee – meets annually to determine staff pay
- Members' Strategic Committee

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

The following decisions are reserved to the Board of Trustees, to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT) The SLT comprises the Headteacher, Deputy Headteachers, Assistant Headteachers and the Business Manager The SLT implement the policies laid down by the Trustees and report back to them on performance

The Headteacher is the Accounting Officer

Risk management

The Academy has a formal risk management process to assess business risks and to implement risk management strategies This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks A Risk Register is maintained and reviewed on a regular basis

Connected Organisations, including Related Party Relationships

There is a shared use agreement between 1610 and the school regarding use of the sports hall, athletics track and ATP, hard court area, large changing rooms and the drama and dance studios

The Academy has strong collaborative links with its feeder primary schools which form part of the Taunton Learning partnership

There are no related parties which either control or significantly influence the decisions and operations of The Castle School There are no sponsors or formal Parent Teacher Associations associated with the Academy

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities

At The Castle School we aim to get the best for, and from, each child We intend to enable each child to realise his or her full potential and to develop positive social and moral values Our school is a community in which children, staff and parents should be part of a happy and caring environment

Objectives, Strategies and Activities

Key priorities for the year are contained in our Academy Development Plan which is available from the school office Key aims for this year include

- Every child achieves at least 3 levels progress
- Most achieve 4 levels progress
- No child NEET (Not in Education, Employment or Training)

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Public Benefit

The Trustees confirm that they have complied with the duty contained in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Taunton and the surrounding area. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and development schools, offering a broad curriculum.

ACHIEVEMENTS AND PERFORMANCE

Achievements and Performance

The school was inspected by OFSTED in 2009 and was judged to be Outstanding.

Our examination results for 2011 demonstrate that we are among the top 10% of schools nationally for students achieving 5 or more A* or A grade GCSEs (including English and Maths).

Examination results for 2013 were 80% 5 or more GCSEs grade A* to C including English and Maths, 95% 5 or more GCSEs grade A* to C.

The school remains significantly oversubscribed. There were 497 applicants for the 240 places available in year 7 for September 2013.

To ensure that standards are continually assessed, the school operates a programme of lesson observations, which are undertaken by the Department Heads and the Senior Leadership Team.

During the year, the school secured two capital grants - one to provide a new lift for the Tower Block, the other to extend the hall and dining area.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. For the year under review, £354,940 was carried forward representing 6.5% of General Annual Grant (GAG).

As funding is based on pupil numbers this is also a key performance indicator. 11 – 16 pupil numbers for 2013 were 1,212, almost the same as in 2012.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2013 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

As at 31 August 2013, restricted funds totalled £354,940 and unrestricted funds totalled £655,349 - £1,010,289 overall. This is a reduction of £67,628 since 31 August 2012. Approximately one third of the total fund has been set aside towards two large capital building projects. A lift is currently being installed to the Tower Block and the school hall is being extended to incorporate the courtyard space. These two projects have been made possible through a combination of careful management of the school budget over a number of years and successful bidding of government grant funds.

At 31 August 2013 the net book value of fixed assets was £11,800,266 and movements in tangible fixed assets are shown in note 18 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The balance of the former school's budget share (£617,318) was transferred across on conversion.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 28 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other financial policies include the investment policy, capitalisation and depreciation policy and the reserves policy.

Trustees have appointed Education Financial Services to undertake a programme of internal checks on financial controls. During the year, the Trustees received a number of reports from the Responsible Officer which contained no matters of significance.

Financial and Risk Management Objectives and Policies

The school has agreed a Risk Register which has been discussed with Trustees and include the financial risks to the Academy. The register is constantly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the school is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described in the Finance Policy. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance Committee meetings. The Trustees also ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme),

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

which is set out in Note 28 to the financial statements, represents a significant potential liability. However as the Trustees consider that the school is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

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 Risks and Uncertainties

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

Financial - the school has considerable reliance on continued Government funding through the Education Funding Agency (EFA). The school's incoming resources are Government funded and whilst this level is expected to be largely protected, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the school's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the school is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the school is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The school has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook.

The school has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

Reserves Policy

The Trustees review the reserve levels of the school annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the school, the uncertainty over future income streams and other key risks identified during the risk review.

The Castle School's policy is to spend its General Annual Grant (GAG) funding first, before spending its unrestricted funds in order to minimize the risk of accumulating restricted funds which may be subject to clawback.

The policy of the school is also to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the Education Funding Agency.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Investment Policy

Cash flow and account balances are regularly monitored to ensure that immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments. In practice, a working balance of between £250,000 and £750,000 is usually maintained in the current account. No overdraft facility is allowed.

Funds surplus to immediate cash requirements are identified and transferred to Fixed Term Deposit/High Interest Accounts to optimise interest. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these are invested in "A rated" investment accounts/institutions.

Periodically (at least annually and usually quarterly) interest rates are reviewed and compared with other investment opportunities.

Funds are only invested in low risk and easily accessible deposit accounts based on medium to long term forecast and financial planning. Funds can be invested for up to one year. For investments of 12 months or longer or alternative investments proposals would need prior approval from the Finance Committee.

PLANS FOR FUTURE PERIODS

The school will continue to strive to provide outstanding education and improve the levels of performance of its students. The school will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The school will continue to work with partner schools to improve the educational opportunities for students in the wider community.

The school is becoming a Multi Academy Trust (MAT) and will be sponsoring Court Fields School in Wellington from January 2014.

The Trustees have approved two significant building improvement projects which are already underway. Both have been significantly funded by capital grant. The two projects are:

- Installation of a lift for the Tower Block
- Extension of the hall and dining room

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditors, Bishop Fleming, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the Board of Trustees on 2 December 2013 and signed on its behalf by



**Mrs S Naylor
Chair of Governors**

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Castle School A Specialist Sports College and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Naylor	6	7
Mrs S Watson	7	7
Mrs M Fox	7	7
Mr P Haines	5	7
Mr M Richmond	7	7
Mr G Price, (term of office expires 13 October 2015)	5	7
Dr C Ritter	4	7
Mr M Hindley	3	7
Mr S Carter	6	7
Mr D Jones	5	7
Dr M Yardley	6	7
Mrs K Sladden	5	7
Mrs S Pepper	7	7
Mr D Usher-Clark	7	7
Mr M Mac Closkey	5	5
Mr D Simpson	6	7
Mr S Martin-Scott	0	0
Mr P Eke	0	0

The Finance Committee is a sub-committee of the Board of Trustees. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, comply with reporting and regulatory requirements, receive reports from the Responsible Officer and draft the annual budget including setting staffing levels.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Watson, Head Teacher	3	4
Mr P Eke	0	0
Mr P Haines	3	4
Mrs S Naylor	4	4
Mrs S Pepper	4	4
Dr M Yardley	4	4
Mr M Mac Closkey	3	3
Mr D Usher-Clark, Staff Governor	4	4

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Castle School A Specialist Sports College for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Educational Financial Services to carry out the Responsible Officer ('RO') role.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The RO function has been fully delivered in line with the Education Funding Agency's (EFA's) recommendations. No material control issues arising as a result of the RO's work have been identified.

REVIEW OF EFFECTIVENESS

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

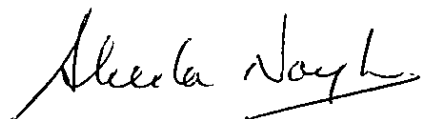
- the work of the Responsible Officer,
- the work of the external auditors,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

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GOVERNANCE STATEMENT (continued)

Approved by order of the members of the Board of Trustees on 2 December 2013 and signed on their behalf, by



**Mrs S Naylor
Chair of Governors**



**Mrs S Watson, Head Teacher
Accounting Officer**

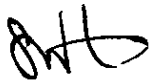
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Castle School A Specialist Sports College I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

I confirm that I and the Academy Trust Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook (2012)

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date



**Mrs S Watson, Head Teacher
Accounting officer**

Date 2 December 2013

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**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

The Trustees (who act as governors of The Castle School A Specialist Sports College and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

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

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

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

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

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



**Mrs S Naylor
Chair of Governors**

Date: 2 December 2013

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CASTLE SCHOOL. A SPECIALIST
SPORTS COLLEGE.**

We have audited the financial statements of The Castle School A Specialist Sports College for the year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Academy Trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2013 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 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

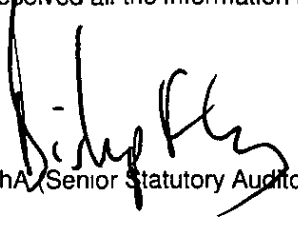
**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CASTLE SCHOOL. A SPECIALIST
SPORTS COLLEGE.**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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


Tim Borton FCA DChA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Date 12/12/2013

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE CASTLE
SCHOOL. A SPECIALIST SPORTS COLLEGE. AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Castle School A Specialist Sports College during the year 1 September 2012 to 31 August 2013 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 The Castle School A Specialist Sports College and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Castle School A Specialist Sports College and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Castle School A Specialist Sports College and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.'S
ACCOUNTING OFFICER AND THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of The Castle School A Specialist Sports College's funding agreement with the Secretary of State for Education dated 30 June 2011, and the Academies Financial Handbook extant from 1 September 2012, 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 2013. 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 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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


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

CONCLUSION

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE CASTLE
SCHOOL. A SPECIALIST SPORTS COLLEGE. AND THE EDUCATION FUNDING AGENCY (continued)**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming

Chartered Accountants
Statutory Auditors

2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Date 12/12/2013

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT OF FINANCIAL ACTIVITIES

**(Incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	14 months ending 31 August 2012 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Transfer from Local Authority on conversion	3	-	-	-	-	11,151,229
Other voluntary income	3	-	17,173	-	17,173	59,610
Activities for generating funds	4	29,422	26,848	-	56,270	132,207
Investment income	5	15,270	-	-	15,270	4,909
Incoming resources from charitable activities	6	-	5,899,942	253,708	6,153,650	6,891,279
TOTAL INCOMING RESOURCES		44,692	5,943,963	253,708	6,242,363	18,239,234
RESOURCES EXPENDED						
Costs of generating funds						
Fundraising expenses and other costs		28,194	-	-	28,194	68,974
Charitable activities		-	5,787,438	289,228	6,076,666	6,568,230
Governance costs	8	-	10,356	-	10,356	21,221
TOTAL RESOURCES EXPENDED	11	28,194	5,797,794	289,228	6,115,216	6,658,425
NET INCOMING RESOURCES BEFORE TRANSFERS		16,498	146,169	(35,520)	127,147	11,580,809

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

		Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	14 months ending 31 August 2012 £
Transfers between Funds	22	-	(368,295)	368,295	-	-
NET INCOME FOR THE YEAR		16,498	(222,126)	332,775	127,147	11,580,809
Actuarial gains and losses on defined benefit pension schemes		-	(83,000)	-	(83,000)	(341,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		16,498	(305,126)	332,775	44,147	11,239,809
Total funds at 1 September 2012		638,851	(838,934)	11,439,892	11,239,809	-
TOTAL FUNDS AT 31 AUGUST 2013		655,349	(1,144,060)	11,772,667	11,283,956	11,239,809

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

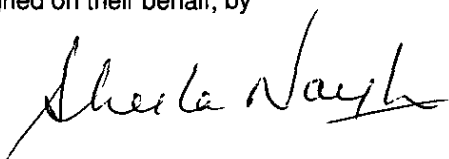
The notes on pages 23 to 43 form part of these financial statements

THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07657731

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	18		11,800,266		11,471,092
CURRENT ASSETS					
Debtors	19	127,535		46,163	
Cash at bank and in hand		1,127,059		1,301,910	
		<u>1,254,594</u>		<u>1,348,073</u>	
CREDITORS: amounts falling due within one year	20	<u>(247,904)</u>		<u>(273,756)</u>	
NET CURRENT ASSETS			<u>1,006,690</u>		<u>1,074,317</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,806,956</u>		<u>12,545,409</u>
CREDITORS: amounts falling due after more than one year	21		<u>(24,000)</u>		<u>(27,600)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>12,782,956</u>		<u>12,517,809</u>
Defined benefit pension scheme liability	28		<u>(1,499,000)</u>		<u>(1,278,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>11,283,956</u></u>		<u><u>11,239,809</u></u>
FUNDS OF THE ACADEMY					
Restricted funds					
General funds	22	354,940		439,066	
Fixed asset funds	22	11,772,667		11,439,892	
		<u>12,127,607</u>		<u>11,878,958</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(1,499,000)</u>		<u>(1,278,000)</u>	
Total restricted funds			<u>10,628,607</u>		<u>10,600,958</u>
Unrestricted funds	22		<u>655,349</u>		<u>638,851</u>
TOTAL FUNDS			<u><u>11,283,956</u></u>		<u><u>11,239,809</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2013 and are signed on their behalf, by



Mrs S Naylor
Chair of Trustees

The notes on pages 23 to 43 form part of these financial statements

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

		31 August 2013	14 months ending 31 August 2012
	Note	£	£
Net cash flow from operating activities	24	173,354	1,068,862
Returns on investments and servicing of finance	25	15,270	4,909
Capital expenditure and financial investment	25	(359,875)	(389,179)
Cash transferred on conversion to an academy trust		-	617,318
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(171,251)	1,301,910
Financing	25	(3,600)	-
(DECREASE)/INCREASE IN CASH IN THE YEAR		(174,851)	1,301,910

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013**

	31 August 2013	14 months ending 31 August 2012
	£	£
(Decrease)/Increase in cash in the year	(174,851)	1,301,910
Cash outflow from decrease in debt and lease financing	3,600	-
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(171,251)	1,301,910
Loan inherited on conversion	-	(31,200)
MOVEMENT IN NET FUNDS IN THE YEAR	(171,251)	1,270,710
Net funds at 1 September 2012	1,270,710	-
NET FUNDS AT 31 AUGUST 2013	1,099,459	1,270,710

The notes on pages 23 to 43 form part of these financial statements

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

Guidance in the Accounts Direction 2013 has changed from last year and where this impacts the comparative figures these have been adjusted.

1.2 FUND ACCOUNTING

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES (continued)

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.4 RESOURCES EXPENDED

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1000 are capitalised

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	2% straight line
Motor vehicles	-	20% straight line
Furniture and equipment	-	10% straight line
Computer equipment	-	33% straight line

1.6 OPERATING LEASES

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 TAXATION

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

1.8 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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy Trust.

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 quinquennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2013.

3. VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months ending 31 August 2012 £
Transfer from Local Authority on conversion	-	-	-	11,151,229
Donations	-	17,173	17,173	59,610
Voluntary income	-	17,173	17,173	11,210,839

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months ending 31 August 2012 £
Lettings	16,623	-	16,623	1,229
Other	12,799	26,848	39,647	130,978
	29,422	26,848	56,270	132,207

**THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

5. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months ending 31 August 2012 £
Bank interest	15,270	-	15,270	4,909

6 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months ending 31 August 2012 £
DfE/EFA grants				
Capital Grants	-	253,708	253,708	46,093
General Annual Grant	-	5,443,612	5,443,612	6,352,211
Start up Grants	-	-	-	25,000
Other DfE/EFA grants	-	127,776	127,776	37,347
	-	5,825,096	5,825,096	6,460,651
Other government grants				
Special Educational Needs	-	243,780	243,780	289,059
Other government grants non capital	-	-	-	27,600
	-	243,780	243,780	316,659
Other funding				
Other	-	84,774	84,774	113,969
	-	84,774	84,774	113,969
	-	6,153,650	6,153,650	6,891,279

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months ending 31 August 2012 £
Education	-	6,076,666	6,076,666	6,568,230

THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

8. GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months ending 31 August 2012 £
Auditors' remuneration	-	8,410	8,410	7,000
Legal and Professional	-	1,557	1,557	13,779
Other costs	-	389	389	442
	<u>-</u>	<u>10,356</u>	<u>10,356</u>	<u>21,221</u>

9. DIRECT COSTS

	2013 £	14 months ending 31 August 2012 £
Pension finance costs	34,415	51,000
Educational supplies	124,703	138,758
Exam fees	98,440	106,317
Staff development and other activities	69,099	63,154
Supply teachers	57,085	14,308
Wages and salaries	3,095,570	3,452,855
National insurance	243,478	264,522
Pension cost	499,453	528,225
Depreciation	260,305	286,918
	<u>4,482,548</u>	<u>4,906,057</u>

THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

10. SUPPORT COSTS

	Education £	14 months ending 31 August 2012 £
Pension finance costs	8,585	-
Other costs	9,350	-
Recruitment and other staff costs	19,574	25,997
Maintenance of premises and equipment	264,186	299,258
Cleaning	577	-
Rent and rates	41,599	48,599
Heat and light	91,669	93,304
Insurance	42,658	49,704
Security and transport	30,309	52,686
Catering	63,937	53,497
Technology costs	650	5,196
Office overheads	30,295	32,109
Legal and professional	64,266	72,066
Bank interest and charges	221	170
Wages and salaries	746,740	759,885
National insurance	35,491	35,511
Pension cost	115,088	102,311
Depreciation	28,923	31,880
	<u>1,594,118</u>	<u>1,662,173</u>

11 ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	14 months ending 31 August 2012 £
Costs of activities for generating funds	-	-	28,194	28,194	68,974
COSTS OF GENERATING FUNDS	<u>-</u>	<u>-</u>	<u>28,194</u>	<u>28,194</u>	<u>68,974</u>
Education	3,838,501	260,305	383,742	4,482,548	4,906,057
Support costs - Education	897,319	426,954	269,845	1,594,118	1,662,173
CHARITABLE ACTIVITIES	<u>4,735,820</u>	<u>687,259</u>	<u>653,587</u>	<u>6,076,666</u>	<u>6,568,230</u>
GOVERNANCE	<u>-</u>	<u>-</u>	<u>10,356</u>	<u>10,356</u>	<u>21,221</u>
	<u>4,735,820</u>	<u>687,259</u>	<u>692,137</u>	<u>6,115,216</u>	<u>6,658,425</u>

THE CASTLE SCHOOL. A SPECIALIST SPORTS COLLEGE.
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £	14 months ending 31 August 2012 £
Education	<u>4,482,548</u>	<u>1,594,118</u>	<u>6,076,666</u>	<u>6,568,230</u>

13. NET INCOMING RESOURCES

This is stated after charging

	31 August 2013 £	14 months ending 31 August 2012 £
Depreciation of tangible fixed assets		
- owned by the charity	289,228	-
- held under finance leases	-	318,798
Auditors' remuneration	7,210	7,000
Auditors' remuneration - non-audit	<u>1,200</u>	<u>600</u>

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14. STAFF COSTS

Staff costs were as follows

	31 August 2013 £	14 months ending 31 August 2012 £
Wages and salaries	3,802,926	4,165,854
Social security costs	278,969	300,033
Other pension costs (Note 28)	614,541	630,536
	4,696,436	5,096,423
Supply teacher costs	39,384	46,886
	4,735,820	5,143,309

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

	31 August 2013 No.	14 months ending 31 August 2012 No
Teachers	64	64
Administration and support	63	55
Management	6	6
	133	125

The number of employees whose emoluments fell within the following bands was

	31 August 2013 No.	14 months ending 31 August 2012 No
In the band £80,001 - £90,000	1	1

The above employee participated in the Teachers' Pension Scheme The pension scheme contributions for this employee amounted to £12,177 (2012 annualised £12,177)

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15. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any reimbursement of expenses (2012 £NIL)

Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments from the academy in respect of their role as governors. The value of governors' remuneration was as follows: S Watson £85,000 - £90,000 (2012 £85,000 - £90,000), S Pepper £15,000 - £20,000 (2012 £15,000 - £20,000), D Simpson £45,000 - £50,000 (2012 £NIL), D Usher-Clark £40,000 - £45,000 (2012 £NIL), S Fishlock £NIL (2012 £30,000 - £35,000), C Marney £NIL (2012 £35,000 - £40,000). Contributions to pension schemes for these employees were: S Watson £10,000 - £15,000 (2012 £10,000 - £15,000), S Pepper £1 - £5,000 (2012 £1 - £5,000), D Simpson £5,000 - £10,000 (2012 £NIL), D Usher-Clark £5,000 - £10,000 (2012 £NIL), S Fishlock £NIL (2012 £1 - £5,000), C Marney £NIL (2012 £1 - £5,000).

16. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £2,617 (2012 £2,089).

The cost of this insurance is included in the total insurance cost.

17. OTHER FINANCE INCOME

	31 August 2013 £	14 months ending 31 August 2012 £
Expected return on pension scheme assets	34,000	32,000
Interest on pension scheme liabilities	(77,000)	(83,000)
	<u>(43,000)</u>	<u>(51,000)</u>

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18. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
COST					
At 1 September 2012	11,281,903	22,725	219,671	265,591	11,789,890
Additions	493,863	-	30,952	93,587	618,402
At 31 August 2013	11,775,766	22,725	250,623	359,178	12,408,292
DEPRECIATION					
At 1 September 2012	203,363	-	27,494	87,941	318,798
Charge for the year	175,294	4,545	23,339	86,050	289,228
At 31 August 2013	378,657	4,545	50,833	173,991	608,026
NET BOOK VALUE					
At 31 August 2013	11,397,109	18,180	199,790	185,187	11,800,266
At 31 August 2012	11,078,540	22,725	192,177	177,650	11,471,092

Included in long term leasehold property is long term leasehold land of £2,313,792 (2012 £2,313,792), which is not depreciated

19. DEBTORS

	2013 £	2012 £
Trade debtors	3,100	8,138
Other debtors	61,202	25,622
Prepayments and accrued income	63,233	12,403
	127,535	46,163

**20. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £	2012 £
Other loans	3,600	3,600
Other taxation and social security	83,051	83,252
Other creditors	69,947	62,721
Accruals and deferred income	91,306	124,183
	247,904	273,756

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20. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	£
DEFERRED INCOME	
Deferred income at 1 September 2012	29,631
Resources deferred during the year	59,954
Amounts released from previous years	(29,631)
	<u>59,954</u>
Deferred income at 31 August 2013	<u>59,954</u>

At the balance sheet date the academy was holding funds received in advance for trips due to take place in the 2013/14 academic year, as well as capital grants for the 2013/14 academic year

21. CREDITORS.
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £	2012 £
Other loans	<u>24,000</u>	<u>27,600</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2013 £	2012 £
Repayable by instalments	<u>9,600</u>	<u>13,200</u>

This is a Local Authority loan inherited on conversion. Repayment terms are £3,600 annually. There is no interest associated with this loan and no items secured on this loan.

22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	<u>638,851</u>	<u>44,692</u>	<u>(28,194)</u>	<u>-</u>	<u>-</u>	<u>655,349</u>

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22. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General Annual Grant (GAG)	439,066	5,443,612	(5,159,443)	(368,295)	-	354,940
Special needs funding	-	243,780	(243,780)	-	-	-
Pupil premium	-	116,233	(116,233)	-	-	-
Other Restricted Income	-	140,338	(140,338)	-	-	-
Pension reserve	(1,278,000)	-	(138,000)	-	(83,000)	(1,499,000)
	<u>(838,934)</u>	<u>5,943,963</u>	<u>(5,797,794)</u>	<u>(368,295)</u>	<u>(83,000)</u>	<u>(1,144,060)</u>

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	11,050,713	-	(243,475)	-	-	10,807,238
Fixed assets purchased from GAG and other restricted funds	343,086	-	(44,704)	368,295	-	666,677
DfE/EFA Capital grants	46,093	253,708	(1,049)	-	-	298,752
	<u>11,439,892</u>	<u>253,708</u>	<u>(289,228)</u>	<u>368,295</u>	<u>-</u>	<u>11,772,667</u>
Total restricted funds	<u>10,600,958</u>	<u>6,197,671</u>	<u>(6,087,022)</u>	<u>-</u>	<u>(83,000)</u>	<u>10,628,607</u>
Total of funds	<u>11,239,809</u>	<u>6,242,363</u>	<u>(6,115,216)</u>	<u>-</u>	<u>(83,000)</u>	<u>11,283,956</u>

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

Restricted Funds

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs

Special Educational Needs - Funding received by the Local Authority to fund further support for students with additional needs

Pupil Premium - Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most

Pension Reserve – This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

Fixed Asset Funds

Fixed Assets Transferred on Conversion – This represents the buildings and equipment donated to the

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22 STATEMENT OF FUNDS (continued)

school from the Local Authority on conversion to an academy and a loan transferred due to an overspend on capital work in the predecessor school

Fixed Assets Purchased from GAG and Unrestricted funds - This represents funds transferred from the restricted GAG fund to purchase fixed assets

DfE/EFA Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers In/out £	Gains/ (Losses) £	Carried Forward £
General funds	638,851	44,692	(28,194)	-	-	655,349
Restricted funds	(838,934)	5,943,963	(5,797,794)	(368,295)	(83,000)	(1,144,060)
Restricted fixed asset funds	11,439,892	253,708	(289,228)	368,295	-	11,772,667
	<u>11,239,809</u>	<u>6,242,363</u>	<u>(6,115,216)</u>	<u>-</u>	<u>(83,000)</u>	<u>11,283,956</u>

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	14 months ending 31 August 2012 £
Tangible fixed assets	-	-	11,800,266	11,800,266	11,471,092
Current assets	655,350	599,244	-	1,254,594	1,348,073
Creditors due within one year	-	(244,304)	(3,600)	(247,904)	(273,756)
Creditors due in more than one year	-	-	(24,000)	(24,000)	(27,600)
Provisions for liabilities and charges	-	(1,499,000)	-	(1,499,000)	(1,278,000)
	<u>655,349</u>	<u>(1,144,060)</u>	<u>11,772,667</u>	<u>11,283,956</u>	<u>11,239,809</u>

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24 NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2013 £	14 months ending 31 August 2012 £
Net incoming resources before revaluations	127,147	11,580,809
Returns on investments and servicing of finance	(15,270)	(4,909)
Net assets transferred on conversion	-	(11,186,029)
Depreciation of tangible fixed assets	289,228	318,798
Capital grants from DfE	(253,708)	-
Increase in debtors	(81,372)	(46,163)
(Decrease)/increase in creditors	(30,671)	301,356
FRS17 pension finance (income)/cost	43,000	51,000
FRS17 pension costs less contributions paid	95,000	54,000
NET CASH INFLOW FROM OPERATIONS	173,354	1,068,862

25 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	31 August 2013 £	14 months ending 31 August 2012 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	15,270	4,909
	31 August 2013 £	14 months ending 31 August 2012 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(613,583)	(389,179)
Capital grants from DfE	253,708	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(359,875)	(389,179)
	31 August 2013 £	14 months ending 31 August 2012 £
FINANCING		
Repayment of loans	(3,600)	-

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26. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	1,301,910	(174,851)	-	1,127,059
DEBT.				
Finance leases	-	-	-	-
Debts due within one year	(3,600)	-	-	(3,600)
Debts falling due after more than one year	(27,600)	-	3,600	(24,000)
NET FUNDS	1,270,710	(174,851)	3,600	1,099,459

27. CAPITAL COMMITMENTS

At 31 August 2013 the Academy Trust had capital commitments as follows

	2013 £	2012 £
Contracted for but not provided in these financial statements	924,000	39,173

£369,139 of the above commitment will be funded by grants awarded by the Academies Capital Maintenance Fund (ACMF) The remaining balance will be funded from the academy's free reserves

28. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 August 2013

Contributions amounting to £69,807 were payable to the scheme at 31 August 2013 (2012 62,721) and are included within creditors

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

The Teachers' Pension Budgeting and Valuation Account

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28. PENSION COMMITMENTS (continued)

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

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28. PENSION COMMITMENTS (continued)

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy Trust has taken advantage of the exemption in FRS 17 and 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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £199,000, of which employer's contributions totalled £146,000 and employees' contributions totalled £53,000. The agreed contribution rates for future years are 15.1% for employers and 5.5 - 7.5% for employees.

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

The amounts recognised in the Balance sheet are as follows:

	31 August 2013 £	14 months ending 31 August 2012 £
Present value of funded obligations	(2,340,000)	(1,836,000)
Fair value of scheme assets	841,000	558,000
Net liability	<u>(1,499,000)</u>	<u>(1,278,000)</u>

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28. PENSION COMMITMENTS (continued)

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

	31 August 2013 £	14 months ending 31 August 2012 £
Current service cost	(241,000)	(193,000)
Interest on obligation	(77,000)	(83,000)
Expected return on scheme assets	34,000	32,000
Total	(284,000)	(244,000)

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

	31 August 2013 £	14 months ending 31 August 2012 £
Opening defined benefit obligation	1,836,000	-
Current service cost	241,000	193,000
Interest cost	77,000	83,000
Contributions by scheme participants	53,000	55,000
Actuarial Losses	141,000	347,000
Benefits paid	(8,000)	(2,000)
Liability transferred on conversion	-	1,160,000
Closing defined benefit obligation	2,340,000	1,836,000

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

	31 August 2013 £	14 months ending 31 August 2012 £
Opening fair value of scheme assets	558,000	-
Expected return on assets	34,000	32,000
Actuarial gains and (losses)	58,000	6,000
Contributions by employer	146,000	139,000
Contributions by employees	53,000	55,000
Benefits paid	(8,000)	(2,000)
Asset transferred on conversion	-	328,000
	841,000	558,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £-424,000 (2012 £-310,000)

The Academy Trust expects to contribute £134,000 to its Defined benefit pension scheme in 2014

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28. PENSION COMMITMENTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2013	2012
Equities	73.00 %	76 00 %
Other bonds	17.00 %	13 00 %
Property	8.00 %	10 00 %
Cash	2.00 %	1 00 %

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

	2013	2012
Discount rate for scheme liabilities	4.70 %	3 90 %
Expected return on scheme assets at 31 August	5.90 %	5 20 %
Rate of increase in salaries	5.10 %	4 10 %
Rate of increase for pensions in payment / inflation	2.90 %	1 90 %

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

	2013	2012
Retiring today		
Males	20 1	20 0
Females	24.1	24 0
Retiring in 20 years		
Males	22.1	22 0
Females	26	25 9

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2013	2012
	£	£
Defined benefit obligation	(2,340,000)	(1,836,000)
Scheme assets	841,000	558,000
Deficit	(1,499,000)	(1,278,000)
Experience adjustments on scheme liabilities	(141,000)	(347,000)
Experience adjustments on scheme assets	58,000	6,000

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29. OPERATING LEASE COMMITMENTS

At 31 August 2013 the Academy Trust had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2013	2012	2013	2012
	£	£	£	£
EXPIRY DATE:				
Within 1 year	-	-	-	1,407
Between 2 and 5 years	-	-	2,117	-

30. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

Mark Richmond, a trustee, is also a director of Mark Richmond Architects Limited and Flow 360 Limited. Transactions totalling £129,843 (2012 £20,431) with Mark Richmond Architects Limited, and £4,200 (2012 £8,190) with Flow 360, relating to professional services, took place during the year. There were no amounts outstanding at the period end.