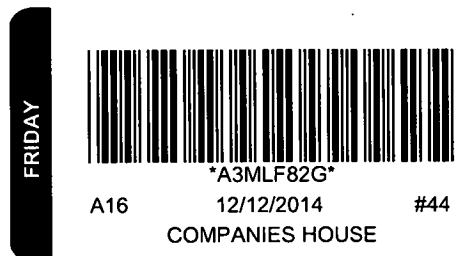


THE CASTLE PARTNERSHIP TRUST
(Formerly known as The Castle School)
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014



**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Members

Mrs S Naylor
Mr P Haines
Mr M Richmond (resigned 8 July 2014)
Mrs K Sladden
Mrs M Fox
Mr M Hindley (resigned 17 July 2014)
Mr P Eke (resigned 21 January 2014)

Trustees

Mrs S Naylor, Chair^{1,2,3,4,5,6}
Mrs S Watson, Head Teacher of The Castle School
Ms R Bennett, Head Teacher of Court Fields School (appointed 8 July 2014)
Mrs M Fox^{2,3,6}
Mr P Haines^{1,3,4}
Mr M Richmond (resigned 8 July 2014)^{1,3,5,6}
Mr G Price^{1,5,6}
Dr C Ritter^{5,6}
Mr M Hindley (resigned 17 June 2014)⁵
Mr S Carter¹
Mr D Jones (resigned 6 September 2013)
Dr M Yardley^{1,2,4}
Mrs K Sladden^{2,3,6}
Mrs S Pepper, Staff Governor^{4,5}
Mr D Usher-Clark, Staff Governor (resigned 31 August 2014)⁴
Mr M Mac Closkey^{2,3,4}
Mr D Simpson, Staff Governor⁵
Mr S Alcock (appointed 2 December 2013)^{1,5}
Mss K Blackmore (appointed 2 December 2013)⁶
Mrs L Denson (appointed 2 December 2013)²
Mrs R Ellins (appointed 1 January 2014)^{2,4}
Mr T Kilshaw, Staff Governor (appointed 2 December 2013)^{4,5}
Mr D Taylor (appointed 25 September 2013)

- 1 Premises committee
- 2 Personnel committee
- 3 Members' Strategic committee
- 4 Finance committee
- 5 Education committee - Learner progress
- 6 Education committee - Curriculum & provisions

**Company registered
number**

07657731

**Principal and Registered
office**

Wellington Road
Taunton
Somerset
TA1 5AU

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Administrative details (continued)

Company secretary Miss J Gregory

Accounting officer Mrs S Watson

School Leadership Team

The Castle School
Mrs S Watson, Headteacher
Mrs L Clark, Deputy Headteacher
Mrs F Gormley, Deputy Headteacher
Mr J Lamb, Assistant Headteacher
Mr B Warrender, Assistant Headteacher
Mrs A Crudgington, Business Manager
Court Fields School
Ms R Bennett, Headteacher
Mr D Harris, Deputy Headteacher
Mr B Warrender, Deputy Headteacher
Ms J Lillywhite, Assistant Headteacher
Mr M Dickson, Assistant Headteacher
Mrs R Cummins, Assistant Headteacher
Mr P Cox, Business Manager

Independent auditors Bishop Fleming LLP
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 PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2014. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 secondary academies in Taunton and Wellington - The Castle School and Court Fields School. The Castle School is for pupils aged 11 to 16 in Taunton. It has a pupil capacity of 1,188 and had a roll of 1,199 in the school census on 16 January 2014. Court Fields School is for pupils aged 11 to 16 in Wellington. It has a pupil capacity of 860 and had a roll of 699 in the school census on 16 January 2014.

Court Fields School joined the Multi-Academy Trust on 1st January 2014

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The 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 Multi-Academy Trust.

The Trustees of The Castle Partnership Trust 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 Multi-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.

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, The Castle School, to be Trustees of the newly formed Academy. On 1st January 2014, on conversion to a Multi-Academy Trust, additional Trustees from Court Fields School were appointed. 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 Multi-Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- Up to 7 Trustees who are appointed by members.
- A minimum of 2 and up to 6 Parent Trustees who are elected by parents of registered pupils at the Multi-Academy Trust.
- Up to 4 staff Trustees appointed by the Board of Trustees.
- Up to 5 Community Trustees who are appointed by the Board of Trustees.
- The Executive 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.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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 Academies 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 Multi-Academy Trust 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 at least once a term to monitor, evaluate and review the two academies' policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Admissions Committee - 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 Trust.
- Pay Committee – meets annually to determine staff pay.
- Members' Strategic Committee

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Multi-Academy Trust and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteachers and Clerk to the Trustees, to approve the Annual Development Plan and budgets.

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

The Executive Headteacher is the Accounting Officer.

Connected Organisations, including Related Party Relationships

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

The Court Fields Community Pre-School operates on the site of Court Fields School and is subject to the terms of an underlease.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Both academies have strong collaborative links with their feeder primary schools.

There are no related parties which either control or significantly influence the decisions and operations of the Multi-Academy Trust. There are no sponsors or formal Parent Teacher Associations associated with either Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objects and activities of the Multi-Academy Trust are:

- to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools, offering a broad and balanced curriculum for pupils of different abilities;
- to promote for the benefit of the inhabitants of Taunton, Wellington and the surrounding areas 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.

Throughout The Castle Partnership Trust 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 Trust 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 each Academy's Development Plan which is available from the respective school offices. 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).

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of 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 Multi-Academy Trust's aims and objectives and in planning its future activities.

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

STRATEGIC REPORT

Achievements and Performance

The Castle School was inspected by OFSTED in 2009 and was judged to be Outstanding. Court Fields School was inspected in November 2013 and was judged to be Requiring Improvement.

The Castle School remains significantly oversubscribed. There were 540 applications for the 240 places available in year 7 for September 2014. The assessed capacity for Court Fields School is 860 and there were 716 students on roll at the commencement of the 2014/15 academic year.

During the year, The Castle School completed two large building projects which were partly funded through grant. The school hall and dining area were extended and the old hall refurbished to create a large multi-purpose space. A lift was installed in the tower block providing access to the upper floors and specialist classrooms to those with mobility issues. Two further capital grants have been secured to replace the windows in the tower block and to replace the flat roofs. Court Fields School has replaced a significant amount of external

**THE CASTLE PARTNERSHIP TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

doors, windows and timber cladding (via Local Authority funding), created a new office for the English Faculty, refurbished a toilet block and built an outdoor seating area for students. A capital grant has been secured for the purposes of renewing all flat roof surfaces and this work will be taking place between Nov 2014 and March 2015.

At The Castle School, examination results for 2014 were:

- 76% of students achieved 5 or more GCSEs grade A* to C including English and Maths
- 84% of students achieved 5 or more GCSEs grade A* to C.

At Court Fields School, examination results for 2014 were:

- 65% of students achieved 5 or more GCSEs grade A* to C including English and Maths
- 71% of students achieved 5 or more GCSEs grade A* to C.

To ensure that standards are continually assessed, the Trust operates a programme of lesson observations, which are undertaken by the Department Heads and the School Leadership Teams.

During the year, fundraising activities raised £18,333 for charity at The Castle School and £4,608 at Court Fields School.

Key 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, £Nil was carried forward representing 0% of General Annual Grant (GAG).

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Multi-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. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Trust'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 2014 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Trust 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 Trust's accounting policies.

As at 31 August 2014, the Trust held restricted funds of £120,579 and unrestricted funds of £1,002,299, a total of £1,122,818. This is an increase of £112,529 since 31 August 2013.

At 31 August 2014 the net book value of fixed assets was £19,904,019 and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academies. Balances are held for a number of purposes and will be reinvested into the Trust via contributions to capital projects and purchase resources. Some funds are earmarked for specific projects (eg £83,000 towards the replacement of the artificial pitch and re-laying of the athletics track at The Castle School and £50,000 towards the roofing renewal project at Court Fields School) whilst some balances are needed as a contingency for exceptional and unplanned costs in future years.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

The balance of the former school's budget share for Court Fields School (£331,845) was transferred across on conversion.

This 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 27 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, Headteachers, 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.

Reserves Policy

The Trustees review the reserve levels of the Trust 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 academies, the uncertainty over future income streams and other key risks identified during the risk review.

The Castle Partnership Trust'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, despite the 12% restriction having been relaxed at the present time.

The policy of the Trust 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 Secretary of State.

The Trustees have reviewed the future plans of the Multi-Academy Trust and have set designated reserves as follows:

- £83,000 towards the replacement of the ATP and re-laying of the athletics track at The Castle School.
- £100,000 has been set aside towards the replacement windows and replacement roof projects at The Castle School.
- £50,000 has been set aside as a contribution towards the roofing renewal project at Court Fields School

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Multi-Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Multi-Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Multi-Academy Trust.

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 £100,000 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.

Interest rates are reviewed quarterly and compared with other investment opportunities.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major risks to which the Multi-Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust has established a Risk Register which has been discussed with Trustees and includes the financial risks. The register is reviewed in light of any new information and formally reviewed annually.

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

Financial - the Trust 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 Trust'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 Trust 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 Trust 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. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area and clear segregation of duties are in place to minimise risks.

The Trust has continued to strengthen its risk management process. A risk register is maintained and reviewed and updated on a regular basis.

The Trustees have assessed the major risks to which the Trust 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 Trust 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), which is set out in Note 27 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Trust 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

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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.

PLANS FOR FUTURE PERIODS

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

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

Following the notification of two successful capital funding bids at The Castle School, the Academy will complete the projects to replace the flat roofs throughout the school and the windows in the tower block. Court Fields School has successfully secured a capital funding bid to renew the roof coverings on the three largest blocks.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

- Staff Consultation and Disability for Employees

With regard to staff consultation, the Trustees aim to ensure that staff of the Trust are consulted at all times on fundamental issues impacting upon their employment and conditions of service. Staff are encouraged to be part of a trade union and trade union representatives have regular meetings with the Headteachers of their respective schools but are encouraged to discuss anything of concern with a member of the SLT.

- Disability

The Trustees are committed to the elimination of discrimination in employment including disability discrimination. This applies to all stages of employment including recruitment and selection, development and training, pay, career progression, redundancy and retirement. This commitment is demonstrated in the Trust's staffing and equalities policies.

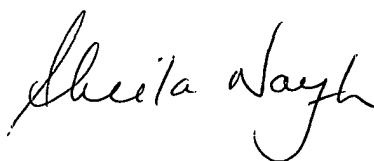
AUDITORS

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 11.12.2014 and signed on the board's behalf by:



**Mrs S Naylor
Chair of Governors**

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Executive 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 Partnership Trust 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 5 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	5	5
Mr P Haines	5	5
Mrs K Sladden	5	5
Mrs M Fox	0	5
Mr M Hindley	5	5
Mr P Eke	4	5
Mrs S Naylor	1	5
Mrs S Watson	4	4
Mrs M Fox	4	4
Mr P Haines	5	5
Mr M Richmond	5	5
Mr G Price	3	5
Dr C Ritter	3	5
Mr M Hindley	3	5
Mr S Carter	2	4
Mr D Jones	4	4
Dr M Yardley	3	5
Mrs K Sladden	4	4
Mrs S Pepper	2	5
Mr D Usher-Clark, Staff Governor	2	5
Mr M Mac Closkey	0	0
Mr D Simpson, Staff Governor	0	0
Mr S Alcock	0	0
Mss K Blackmore	0	0
Mrs L Denson	0	0
Mrs R Ellins	0	0
Mr T Kilshaw, Staff Governor	0	0
Mr D Taylor	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.

**THE CASTLE PARTNERSHIP TRUST
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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Watson, Head Teacher	4	5
Mrs R Ellins	2	4
Mr T Kilshaw, Staff Governor	2	5
Mr P Haines	2	5
Mrs S Naylor	5	5
Mrs S Pepper	5	5
Dr M Yardley	4	5
Mr M Mac Closkey	5	5
Mr D Usher-Clark, Staff Governor	2	5

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 Partnership Trust for the year 1 September 2013 to 31 August 2014 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 2013 to 31 August 2014 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., a Trustee, as Responsible Officer (RO).

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.

GOVERNANCE STATEMENT (continued)

No material control issues arising as a result of the RO's work have been identified.

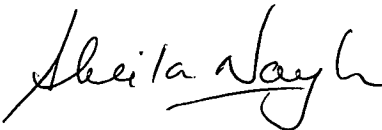
REVIEW OF EFFECTIVENESS

As Accounting Officer, the Executive 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.

Approved by order of the members of the board of trustees on 1 December 2014 and signed on its behalf, by:



Mrs S Naylor
Chair of Governors



Mrs S Watson, Head Teacher
Accounting Officer

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Castle Partnership Trust 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.

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.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



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

Date: 1/12/2014

• **THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees (who act as governors of The Castle Partnership and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic 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:

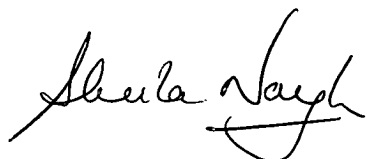
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 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: 1/12/2014

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CASTLE PARTNERSHIP TRUST

We have audited the financial statements of The Castle Partnership Trust for the year ended 31 August 2014 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 to 2014 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 to 2014 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, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

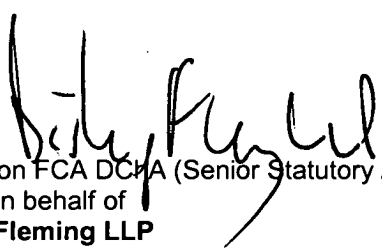
**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CASTLE PARTNERSHIP TRUST

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

Date: 10/12/2014

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE CASTLE PARTNERSHIP TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 25 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Castle Partnership Trust during the year 1 September 2013 to 31 August 2014 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 Partnership Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Castle Partnership Trust and 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 Partnership Trust and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE CASTLE PARTNERSHIP TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Castle Partnership Trust's funding agreement with the Secretary of State for Education dated 20 December 2013, and the Academies Financial Handbook extant from 1 September 2013, 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 to 2014. 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 2013 to 31 August 2014 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 to 2014 issued by 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.

• **THE CASTLE PARTNERSHIP TRUST**
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE CASTLE PARTNERSHIP TRUST AND THE EDUCATION FUNDING AGENCY (continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 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 DCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS
Date: 10/12/2014

THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer from Local Authority on conversion	2	331,845	(1,571,000)	6,722,911	5,483,756	-
Other voluntary income	2	1,743	35,483	-	37,226	17,173
Activities for generating funds	3	37,535	-	-	37,535	56,270
Investment income	4	16,716	-	-	16,716	15,270
Incoming resources from charitable activities	5	46,334	8,670,046	1,251,296	9,967,676	6,153,650
TOTAL INCOMING RESOURCES		434,173	7,134,529	7,974,207	15,542,909	6,242,363
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs		3,340	-	-	3,340	28,194
Charitable activities		83,883	8,302,889	421,825	8,808,597	6,076,666
Governance costs	7	-	34,929	-	34,929	10,356
TOTAL RESOURCES EXPENDED	10	87,223	8,337,818	421,825	8,846,866	6,115,216
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		346,950	(1,203,289)	7,552,382	6,696,043	127,147

• **THE CASTLE PARTNERSHIP TRUST**
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

		Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
	Note					
Transfers between Funds	20	-	(855,072)	855,072	-	-
NET INCOME FOR THE YEAR		346,950	(2,058,361)	8,407,454	6,696,043	127,147
Actuarial gains and losses on defined benefit pension schemes		-	(154,000)	-	(154,000)	(83,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		346,950	(2,212,361)	8,407,454	6,542,043	44,147
Total funds at 1 September		655,349	(1,144,060)	11,772,667	11,283,956	11,239,809
TOTAL FUNDS AT 31 AUGUST		1,002,299	(3,356,421)	20,180,121	17,825,999	11,283,956

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

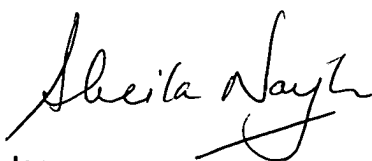
The notes on pages 23 to 43 form part of these financial statements.

THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07657731

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	16		19,904,019		11,800,266
CURRENT ASSETS					
Debtors	17	1,038,413		127,535	
Cash at bank and in hand		1,222,452		1,127,059	
		<u>2,260,865</u>		<u>1,254,594</u>	
CREDITORS: amounts falling due within one year	18	(841,485)		(247,904)	
NET CURRENT ASSETS			1,419,380		1,006,690
TOTAL ASSETS LESS CURRENT LIABILITIES			21,323,399		12,806,956
CREDITORS: amounts falling due after more than one year	19		(20,400)		(24,000)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			21,302,999		12,782,956
Defined benefit pension scheme liability	27		(3,477,000)		(1,499,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			17,825,999		11,283,956
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	20	120,579		354,940	
Fixed asset funds	20	20,180,121		11,772,667	
Restricted funds excluding pension liability		20,300,700		12,127,607	
Pension reserve		(3,477,000)		(1,499,000)	
Total restricted funds			16,823,700		10,628,607
Unrestricted funds	20		1,002,299		655,349
TOTAL FUNDS			17,825,999		11,283,956

The financial statements were approved by the Trustees, and authorised for issue, on 1 DECEMBER 2014 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 PARTNERSHIP TRUST**
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	22	470,989	173,354
Returns on investments and servicing of finance	23	16,716	15,270
Capital expenditure and financial investment	23	(720,557)	(359,875)
Cash transferred on conversion to an academy trust	25	331,845	-
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		98,993	(171,251)
Financing	23	(3,600)	(3,600)
INCREASE/(DECREASE) IN CASH IN THE YEAR		95,393	(174,851)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
Increase/(Decrease) in cash in the year	95,393	(174,851)
Cash outflow from decrease in debt and lease financing	3,600	3,600
MOVEMENT IN NET FUNDS IN THE YEAR	98,993	(171,251)
Net funds at 1 September 2013	1,099,459	1,270,710
NET FUNDS AT 31 AUGUST 2014	1,198,452	1,099,459

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

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

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 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

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 funders 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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

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 PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 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 provided at rates calculated to write off the cost of fixed 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 27, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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.

1.9 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from The Castle School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Castle Partnership Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Land and Buildings have been included as per the valuation by the EFA whilst other fixed assets have been included at amounts valued by the Trustees. Pensions assets and liabilities have been valued by a qualified actuary.

Further details of the transaction are set out in note 25.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfer from Local Authority on conversion	331,845	5,151,911	5,483,756	-
Donations	1,743	35,483	37,226	17,173
Voluntary income	333,588	5,187,394	5,520,982	17,173

THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings	27,808	-	27,808	16,623
Other	9,727	-	9,727	39,647
	<u>37,535</u>	<u>-</u>	<u>37,535</u>	<u>56,270</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	16,716	-	16,716	15,270
	<u>16,716</u>	<u>-</u>	<u>16,716</u>	<u>15,270</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
Capital Grants	-	1,251,296	1,251,296	253,708
General Annual Grant	-	7,839,284	7,839,284	5,443,612
Start up Grants	-	150,750	150,750	-
Other DfE/EFA grants	-	497,772	497,772	127,776
	<u>-</u>	<u>9,739,102</u>	<u>9,739,102</u>	<u>5,825,096</u>
Other government grants				
Special Educational Needs	-	96,033	96,033	243,780
	<u>-</u>	<u>96,033</u>	<u>96,033</u>	<u>243,780</u>
Other funding				
Other	46,334	86,207	132,541	84,774
	<u>46,334</u>	<u>86,207</u>	<u>132,541</u>	<u>84,774</u>
	<u>46,334</u>	<u>9,921,342</u>	<u>9,967,676</u>	<u>6,153,650</u>

• **THE CASTLE PARTNERSHIP TRUST**
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Education	83,883	8,724,714	8,808,597	6,076,666

7. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	16,505	16,505	8,410
Legal and Professional	-	17,512	17,512	1,557
Other costs	-	912	912	389
	-	34,929	34,929	10,356

8. DIRECT COSTS

	Total 2014 £	Total 2013 £
Pension finance costs	24,000	34,415
Educational supplies	161,087	124,703
Exam fees	125,927	98,440
Staff development and other activities	87,345	69,099
Supply teachers	53,304	57,085
Wages and salaries	4,249,764	3,095,570
National insurance	332,848	243,478
Pension cost	629,306	499,453
Depreciation	380,165	260,305
	6,043,746	4,482,548

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FOR THE YEAR ENDED 31 AUGUST 2014

9. SUPPORT COSTS

	Total 2014 £	Total 2013 £
Pension finance costs	74,000	8,585
Other costs	-	9,350
Recruitment and other staff costs	58,184	19,574
Maintenance of premises and equipment	478,155	264,186
Cleaning	-	577
Rent and rates	58,468	41,599
Heat and light	129,592	91,669
Insurance	65,576	42,658
Security and transport	45,651	30,309
Catering	37,501	63,937
Technology costs	-	650
Office overheads	92,911	30,295
Legal and professional	137,371	64,266
Bank interest and charges	956	221
Wages and salaries	1,190,788	746,740
National insurance	53,804	35,491
Pension cost	300,234	115,088
Depreciation	41,660	28,923
	2,764,851	1,594,118

10. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Expenditure Other 2014 £	Total 2014 £	Total 2013 £
Costs of activities for generating funds	-	3,340	3,340	28,194
COSTS OF GENERATING FUNDS	-	3,340	3,340	28,194
Education	5,211,918	831,828	6,043,746	4,482,548
Support costs - Education	1,552,827	1,212,024	2,764,851	1,594,118
CHARITABLE ACTIVITIES	6,764,745	2,043,852	8,808,597	6,076,666
GOVERNANCE	-	34,929	34,929	10,356
	6,764,745	2,082,121	8,846,866	6,115,216

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11. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	421,825	289,228
Auditors' remuneration	9,450	7,210
Auditors' remuneration - non-audit	7,055	1,200
Operating lease rentals:		
- plant, machinery and office equipment	14,422	2,116
	<u>14,422</u>	<u>2,116</u>

12. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	5,387,248	3,785,225
Social security costs	386,652	278,969
Other pension costs (Note 27)	929,541	614,541
	<u>6,703,441</u>	<u>4,678,735</u>
Supply teacher costs	53,304	57,085
Compensation payments	8,000	-
	<u>6,764,745</u>	<u>4,735,820</u>

b. Staff severance payments

The amount included compensation payments is non contractual compromise agreement payment.

c. Staff numbers

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

	2014 No.	2013 No.
Teachers	100	64
Administration and support	103	63
Management	13	6
	<u>216</u>	<u>133</u>

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12. STAFF (continued)

d. Higher paid staff

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	4	0
In the band £80,001 - £90,000	1	1
	<u>5</u>	<u>1</u>

The above employees participated in the Teachers' Pension Scheme. The pension scheme contributions for these employee amounted to £47,762 (2013: £12,177).

13. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

During the year, no Trustees received any reimbursement of expenses (2013: £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 (2013: £85,000 - £90,000); R Bennett £40,000 - £45,000 (2013: £Nil); S Pepper £15,000 - £20,000 (2013: £15,000 - £20,000); D Simpson £45,000 - £50,000 (2013: £45,000 - £50,000); D Usher-Clark £40,000 - £45,000 (2013: £40,000 - £45,000). Contributions to pension schemes for these employees were: S Watson £10,000 - £15,000 (2013: £10,000 - £15,000); R Bennett £0 - £5,000 (2013: £Nil); S Pepper £1 - £5,000 (2013: £1 - £5,000); D Simpson £5,000 - £10,000 (2013: £5,000 - £10,000); D Usher-Clark £5,000 - £10,000 (2013: £5,000 - £10,000).

14. 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 2014 is included in the total insurance cost and is not separable.

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FOR THE YEAR ENDED 31 AUGUST 2014

15. OTHER FINANCE INCOME

	2014 £	2013 £
Expected return on pension scheme assets	102,000	34,000
Interest on pension scheme liabilities	(200,000)	(77,000)
	<u>(98,000)</u>	<u>(43,000)</u>

16. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
COST					
At 1 September 2013	11,775,766	22,725	250,623	359,178	12,408,292
Additions	1,611,601	-	104,418	86,648	1,802,667
Transfer on conversion	6,681,000	-	37,397	4,514	6,722,911
At 31 August 2014	<u>20,068,367</u>	<u>22,725</u>	<u>392,438</u>	<u>450,340</u>	<u>20,933,870</u>
DEPRECIATION					
At 1 September 2013	378,657	4,545	50,833	173,991	608,026
Charge for the year	288,394	4,545	31,480	97,406	421,825
At 31 August 2014	<u>667,051</u>	<u>9,090</u>	<u>82,313</u>	<u>271,397</u>	<u>1,029,851</u>
NET BOOK VALUE					
At 31 August 2014	<u>19,401,316</u>	<u>13,635</u>	<u>310,125</u>	<u>178,943</u>	<u>19,904,019</u>
At 31 August 2013	<u>11,397,109</u>	<u>18,180</u>	<u>199,790</u>	<u>185,187</u>	<u>11,800,266</u>

17. DEBTORS

	2014 £	2013 £
Trade debtors	19,038	3,100
Other debtors	448,845	61,202
Prepayments and accrued income	570,530	63,233
	<u>1,038,413</u>	<u>127,535</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

18. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Other loans	3,600	3,600
Trade creditors	62,287	-
Other taxation and social security	130,131	83,051
Other creditors	168,244	69,947
Accruals and deferred income	477,223	91,306
	<u>841,485</u>	<u>247,904</u>

DEFERRED INCOME

Deferred income at 1 September 2013	59,954
Resources deferred during the year	68,848
Amounts released from previous years	(59,954)
Deferred income at 31 August 2014	<u>68,848</u>

At the balance sheet date the academy was holding funds received in advance for trips due to take place in the 2014/15 academic year.

19. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £	2013 £
Other loans	<u>20,400</u>	<u>24,000</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2014 £	2013 £
Repayable by instalments	<u>6,000</u>	<u>9,600</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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

20. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	655,349	434,173	(87,223)	-	-	1,002,299
RESTRICTED FUNDS						
General Annual Grant (GAG)	354,940	7,768,009	(7,267,877)	(855,072)	-	-
High needs funding	-	96,033	(96,033)	-	-	-
Pupil premium	-	239,838	(239,838)	-	-	-
Other Restricted Income	-	106,835	(106,835)	-	-	-
Other EFA income	-	344,064	(344,064)	-	-	-
Start up	-	150,750	(30,171)	-	-	120,579
Pension reserve	(1,499,000)	(1,571,000)	(253,000)	-	(154,000)	(3,477,000)
	<u>(1,144,060)</u>	<u>7,134,529</u>	<u>(8,337,818)</u>	<u>(855,072)</u>	<u>(154,000)</u>	<u>(3,356,421)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	10,807,238	6,722,911	(319,399)	3,600	-	17,214,350
Fixed assets purchased from GAG	666,677	-	(95,210)	851,472	-	1,422,939
DfE/EFA Capital grants	298,752	1,251,296	(7,216)	-	-	1,542,832
	<u>11,772,667</u>	<u>7,974,207</u>	<u>(421,825)</u>	<u>855,072</u>	<u>-</u>	<u>20,180,121</u>
Total restricted funds	<u>10,628,607</u>	<u>15,108,736</u>	<u>(8,759,643)</u>	<u>-</u>	<u>(154,000)</u>	<u>16,823,700</u>
Total of funds	<u>11,283,956</u>	<u>15,542,909</u>	<u>(8,846,866)</u>	<u>-</u>	<u>(154,000)</u>	<u>17,825,999</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.

High 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.

Other restricted income - Other restricted monies received income received for specific projects / needs

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FOR THE YEAR ENDED 31 AUGUST 2014

20. STATEMENT OF FUNDS (continued)

Other EFA income - Funds received from EFA other than GAG income, includes insurance income and pre opening grant.

Start up - Funds received from the EFA to help with conversion to an Academy for Court Fields.

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 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.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2014 were allocated as follows:

	Total £
The Castle School	670,151
Court Fields School	452,736
	<hr/>
Total before fixed asset fund and pension reserve	1,122,887
Restricted fixed asset fund	20,180,121
Pension reserve	(3,477,000)
	<hr/>
Total	17,826,008
	<hr/> <hr/>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
The Castle School	3,749,004	1,003,021	115,121	965,402	5,832,548
Court Fields School	1,462,904	552,067	45,966	531,548	2,592,485
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,211,908	1,555,088	161,087	1,496,950	8,425,033
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	655,349	434,173	(87,223)	-	-	1,002,299
Restricted funds	(1,144,060)	7,134,529	(8,337,818)	(855,072)	(154,000)	(3,356,421)
Restricted fixed asset funds	11,772,667	7,974,207	(421,825)	855,072	-	20,180,121
	<u>11,283,956</u>	<u>15,542,909</u>	<u>(8,846,866)</u>	<u>-</u>	<u>(154,000)</u>	<u>17,825,999</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	19,904,019	19,904,019	11,800,266
Current assets	1,002,299	652,722	605,843	2,260,864	1,254,594
Creditors due within one year	-	(532,143)	(309,341)	(841,484)	(247,904)
Creditors due in more than one year	-	-	(20,400)	(20,400)	(24,000)
Pension scheme liability	-	(3,477,000)	-	(3,477,000)	(1,499,000)
	<u>1,002,299</u>	<u>(3,356,421)</u>	<u>20,180,121</u>	<u>17,825,999</u>	<u>11,283,956</u>

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	6,696,043	127,147
Returns on investments and servicing of finance	(16,716)	(15,270)
Net assets transferred on conversion	(5,483,664)	-
Depreciation of tangible fixed assets	421,825	289,228
Capital grants from DfE	(758,544)	(253,708)
Increase in debtors	(910,970)	(81,372)
Increase/(decrease) in creditors	270,015	(30,671)
FRS17 pension finance (income)/cost	98,000	43,000
FRS17 pension costs less contributions paid	155,000	95,000
NET CASH INFLOW FROM OPERATIONS	<u>470,989</u>	<u>173,354</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	16,716	15,270
	<u>2014</u> £	<u>2013</u> £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(1,479,101)	(613,583)
Capital grants from DfE	758,544	253,708
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(720,557)</u>	<u>(359,875)</u>
	<u>2014</u> £	<u>2013</u> £
FINANCING		
Repayment of loans	(3,600)	(3,600)

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	1,127,059	95,393	-	1,222,452
DEBT:				
Debts due within one year	(3,600)	-	-	(3,600)
Debts falling due after more than one year	(24,000)	3,600	-	(20,400)
NET FUNDS	<u>1,099,459</u>	<u>98,993</u>	<u>-</u>	<u>1,198,452</u>

25. CONVERSION TO AN ACADEMY TRUST

On 1 January 2014 The Court Fields School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Castle Partnership Trust from Somerset County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

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25. CONVERSION TO AN ACADEMY TRUST (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	6,681,000	6,681,000
- Other tangible fixed assets	-	-	41,911	41,911
Budget surplus on LA funds	331,845	-	-	331,845
LGPS pension (deficit)	-	(1,571,000)	-	(1,571,000)
Net assets/(liabilities)	<u>331,845</u>	<u>(1,571,000)</u>	<u>6,722,911</u>	<u>5,483,756</u>

The above net assets include £331,753 that was transferred as cash.

26. CAPITAL COMMITMENTS

At 31 August 2014 the Academy Trust had capital commitments as follows:

	2014 £	2013 £
Contracted for but not provided in these financial statements	<u>394,661</u>	<u>924,000</u>

£300,000 (2013: £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.

27. 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.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

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27. PENSION COMMITMENTS (continued)

benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual 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

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. Pension benefits built up before 1 April 2015 will be fully protected.

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 up to three and a half years 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 have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

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27. PENSION COMMITMENTS (continued)

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 2014 was £320,000, of which employer's contributions totalled £235,000 and employees' contributions totalled £87,000. 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.

As described in note 25 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.70	1,587,000	6.90	614,000
Bonds	3.60	261,000	4.30	93,000
Property	5.90	220,000	6.20	67,000
Cash	2.90	45,000	3.60	17,000
Gilts	3.00	145,000	3.80	50,000
Total market value of assets		2,258,000		841,000
Present value of scheme liabilities		(5,735,000)		(2,340,000)
(Deficit)/surplus in the scheme		(3,477,000)		(1,499,000)

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(5,735,000)	(2,340,000)
Fair value of scheme assets	2,258,000	841,000
Net liability	(3,477,000)	(1,499,000)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

27. PENSION COMMITMENTS (continued)

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

	2014	2013
	£	£
Current service cost	(390,000)	(241,000)
Interest on obligation	(200,000)	(77,000)
Expected return on scheme assets	102,000	34,000
	<hr/>	<hr/>
Total	(488,000)	(284,000)
	<hr/>	<hr/>

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

	2014	2013
	£	£
Opening defined benefit obligation	2,340,000	1,836,000
Current service cost	390,000	241,000
Interest cost	200,000	77,000
Contributions by scheme participants	85,000	53,000
Actuarial Losses	106,000	141,000
Benefits paid	4,000	(8,000)
Liability transferred on conversion	2,610,000	-
	<hr/>	<hr/>
Closing defined benefit obligation	5,735,000	2,340,000
	<hr/>	<hr/>

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

	2014	2013
	£	£
Opening fair value of scheme assets	841,000	558,000
Expected return on assets	102,000	34,000
Actuarial gains and (losses)	(48,000)	58,000
Contributions by employer	235,000	146,000
Contributions by employees	85,000	53,000
Benefits paid	4,000	(8,000)
Asset transferred on conversion	1,039,000	-
	<hr/>	<hr/>
	2,258,000	841,000
	<hr/>	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £578,000 loss (2013: £424,000 loss).

The Academy Trust expects to contribute £303,000 to its Defined benefit pension scheme in 2015.

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

	2014	2013
	%	%
Equities	70.00 %	73.00 %
Other bonds	18.00 %	17.00 %
Property	10.00 %	8.00 %
Cash	2.00 %	2.00 %

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NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (continued)

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

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Expected return on scheme assets at 31 August	5.90 %	5.90 %
Rate of increase in salaries	4.40 %	5.10 %
Rate of increase for pensions in payment / inflation	2.60 %	2.90 %

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

	2014	2013
Retiring today		
Males	23.6	20.1
Females	26.0	24.1
Retiring in 20 years		
Males	25.8	22.1
Females	28.3	26.0

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

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(5,735,000)	(2,340,000)	(1,836,000)
Scheme assets	2,258,000	841,000	558,000
Deficit	(3,477,000)	(1,499,000)	(1,278,000)
Experience adjustments on scheme liabilities	(106,000)	(141,000)	(347,000)
Experience adjustments on scheme assets	(48,000)	58,000	6,000

28. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £	2013 £	2014 £	2013 £
EXPIRY DATE:				
Within 1 year	-	11,780	-	-
Between 2 and 5 years	-	22,427	-	2,117

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29. 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 £46,067 (2013: £129,843) with Mark Richmond Architects Limited, and £4,880 (2013: £4,200) with Flow 360, relating to professional services, took place during the year. There were no amounts outstanding at the year end.