

Company registration number
08397975 (England and Wales)

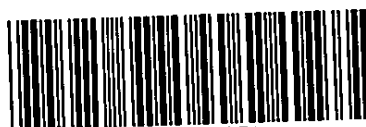


Castle School
Education Trust

CASTLE SCHOOL EDUCATION TRUST
a company limited by guarantee

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD 11 FEBRUARY 2013 TO 31 AUGUST 2013

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CASTLE SCHOOL EDUCATION TRUST '

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 8
Governance statement	9 - 10
Statement on regularity, propriety and compliance	11
Statement of trustees' responsibilities	12
Independent auditor's report on the financial statements	13 - 14
Independent auditor's report on regularity	15 - 16
Statement of financial activities incorporating income and expenditure account	17
Balance sheet	18
Cash flow statement	19
Notes to the financial statements	20 - 38

CASTLE EDUCATION SCHOOL
REFERENCE AND ADMINISTRATIVE DETAILS

Trustees and directors

Chair of Governors	Stuart Hill* (appointed February 2013)
Chief executive and accounting officer	Melanie Warnes* (appointed March 2013)
Staff trustee	Jon Welsh (appointed June 2013)
Parent trustees	Mike Ashfield* (appointed February 2013) Richard Crabtree (appointed February 2013)
Community trustees	Rhona Allgood* (appointed February 2013) John Barrow* (appointed February 2013) Graham Barley* (appointed February 2013) Quentin Killey* (appointed February 2013) Stuart Hill* (appointed February 2013) Timothy Pearce (appointed February 2013) Penelope Robinson (appointed February 2013)
Fortius Schools Trust nominee	Clive Parkinson* (appointed February 2013)

* - members of finance and resources committee

The Castle School senior leadership team

Headteacher	Melanie Warnes
Deputy headteacher	Andy Bethell
Deputy headteacher	Cressida Inglis
Deputy headteacher	Peter Smart
Head of Sixth Form	Louise Davies
Assistant headteacher	Lisa Howell
Assistant headteacher	Linda Ferris
Assistant headteacher	Liza Burgess
Assistant headteacher	Deb Good
Business manager	Julia Bishop

Principal and registered office

The Castle School
Park Road
Thornbury
South Gloucestershire
BS35 1HT

Company registration number

08397975

Independent auditor

BDO LLP
Bridgewater House
Finzels Reach, Counterslip
Bristol
BS1 6BX

Bankers

Lloyds Bank Plc
High Street
Chipping Sodbury
BS37 6AW

Solicitors

Veale Wasbrough Vizards LLP
Orchard Court
Orchard Lane
Bristol
BS1 5WS

CASTLE SCHOOL EDUCATION TRUST'
TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period from incorporation on 11 February 2013 to 31 August 2013

Structure, governance and management

Constitution

Castle School Education Trust (CSET) is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the trust, which is a multi-academy trust. The trustees of CSET are also the directors of the charitable company for the purposes of company law.

Details of the trustees of CSET who served during the period to 31 August 2013 are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

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

Principal activities

CSET's principal activity is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum, and to promote for the benefit of the inhabitants of the local authority areas (and surrounding areas) in which any of its academies are situated, the provision of facilities for recreation or other leisure time occupation.

For the period to 31 August 2013, CSET was responsible for one school – The Castle School in Thornbury, which converted to an academy on 1 March 2013. The activities, assets and liabilities of the school were donated to the trust on conversion.

Method of recruitment and appointment or election of trustees

The appointment or election of trustees is dependent upon the type of trustee.

- Member appointed trustees are appointed by the company members up to a maximum of seven. This may include a staff trustee, provided the number that the total number of trustees including the chief executive who are employees of the company does not exceed one third of the total number of trustees.
- Two parent trustees are appointed by election by the parent governors from amongst their number.
- The chief executive is an ex-officio trustee.
- The chair of governors of each CSET local governing body is an ex-officio trustee. However, if the number of academies exceeds five, the chairmen of the local governing bodies shall elect five persons from amongst their number to be the trustees.
- In accordance with the memorandum and articles of association, the Fortius Schools Trust will appoint one CSET trustee.
- There can be up to three co-opted trustees, appointed by the board of trustees.

CASTLE SCHOOL EDUCATION TRUST
TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013

Structure, governance and management (continued)

Method of recruitment and appointment or election of trustees (continued)

Trustees are appointed for a period of four years, then subject to eligibility, may be re-appointed or re-elected

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees will depend on their existing experience and is tailored to the individual. Where necessary, induction will provide training on charity and educational legal and financial matters. New trustees unfamiliar with CSET's academies will be given a tour of the schools and the chance to meet with 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.

Organisational structure

CSET governance structure consists of two levels: the trust's board of trustees and the individual academies' local governing bodies. The aim of this structure is to delegate responsibility and promote decision making for a school to the governing body and the school leadership team (SLT).

The board of trustees is responsible for setting long-term strategy and the policies that will achieve the aims and objectives of the trust. The trustees will also approve the budget and the annual report and accounts, and ensure that each school's local governing body sets targets, monitors performance and maintains appropriate risk management.

The Castle School governing body is responsible for agreeing and monitoring annual financial and operational performance targets, senior staff appointments and risk management.

The Castle School's SLT consists of the Headteacher, three deputy Headteachers, five Assistant Headteachers and the Business Manager. These staff control the school at an executive level, implementing and reporting back on the policies approved by the board or trustees or local governing body. As a group, the SLT is responsible for the day to day management of the school, authorisation of expenditure within agreed budgets and the appointment of staff, though appointment panels for posts in the SLT always include a Governor. Financial commitments are controlled through the application of a scheme of delegated authority to budget holders within the school.

Risk management

The board of trustees has assessed the major risks to which the charitable company is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the trust, and its finances. The trustees have implemented a number of systems to assess the risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, equal opportunities, Behaviour for Learning, and school trips) and in relation to the control of finances. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover. They are satisfied that these systems are consistent with guidelines issued by the Charity Commission and the Education Funding Agency. The trust has an effective system of internal controls and this is explained in more detail later.

The Castle School's SLT undertakes a regular review of risks facing the school and these are reviewed by the local governing body and the trustees. They also monitor key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. In addition, the Finance & Resources Committee review regular reports from the Business Manager.

CASTLE SCHOOL EDUCATION TRUST
TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013

Objectives and activities

Objects and aims

CSET aims to provide a quality education in a caring environment. This is detailed in the trust's values and beliefs and The Castle School's Preferred Future Statement.

We believe

- that every individual matters,
- that we are all learners,
- that we are preparing students to be active global citizens for the 21st century,
- that more can be achieved together than alone,
- that young people have a right to a safe, happy, varied and challenging learning experience,
- that teaching and learning is an exciting and rewarding activity,
- that school represents an important part of the life to be lived now as well as being preparation for life in the future,
- that learning is achieved best when provided within an environment that is attractive, stimulating and fit for purpose, and
- in inclusive education

Our beliefs are implicit and explicit in our values which for our school community are

- RESPECT - For ourselves, others and the environment
- RESPONSIBILITY - At all times at school and within the wider community
- COMMITMENT - We arrive on time, ready for work
- EFFORT - We always do the best we can
- INVOLVEMENT - We play a positive role in the life of our school and community

The Preferred Future is that by 2015 The Castle School will be a school

- Where everyone is a successful learner, and learning is seen as an enjoyable, transferable and life-long process
- Which is recognised locally, nationally and internationally as an outstanding centre of learning for all in Thornbury and beyond
- Where students are role models for our vision of global citizens in the 21st century, and so will be successfully learning to
 - Be aware of the wider world and have a sense of their own roles and responsibilities within it
 - Be confident in their ability to contribute their opinion to democratic debate
 - Recognise, explore and celebrate diversity
 - Respect the right of others to feel safe and fulfilled
 - Question the status quo and act to make the world a more equitable place
 - Contribute positively to the cohesion of local communities
 - Understand that we can work for a more secure and sustainable future – both for people and the planet
- Which develops constantly relevant and wide-ranging ways of defining success and measuring achievement in each and every individual student
- Where barriers to learning are removed, so that no student is left behind
- Which listens and responds to the ever changing needs of young people and their families
- Where a creative approach to the curriculum meets the needs of each and every student
- Where students move successfully and happily between different stages of their education, equipped to make the best choices for their future
- Which provides a stimulating and rewarding environment in which to learn and work
- Which is recognised as a leader of innovation and creativity, sharing best practice widely through effective external partnerships
- Which exemplifies best practice in economic, social and environmental sustainability
- With thriving leadership at all levels, growing the capacity for further long-term improvements

CASTLE SCHOOL EDUCATION TRUST
TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013

Objectives and activities (continued)

Objectives, strategies and activities

The main priorities and activities for The Castle School for the period March 2013 to August 31st 2015

- Teaching and Learning - Improve the quality and consistency of teaching and learning in order to successfully meet the needs of all individuals (particularly those groups who currently underperform)
- Provision for students with special educational needs or disabilities - Improve the provision for SEND students by
 - ensuring that the high quality differentiation is embedded in all subjects,
 - improving the connections between learning support and behaviour for learning systems in order to best support vulnerable students, and
 - implementing phase 2 of learning support leadership development
- Learning to Learn - Embed Learning to Learn strategies (particularly literacy consistency) within subjects and across school
- Progress of Post-16 Students - Improve the quality of provision for and progress of Post-16 students by
 - ensuring teaching and learning is consistently good or better,
 - driving forward In Focus recommendations (particularly targeted CPD),
 - improving the tracking of student performance and intervention strategies to reduce variation in performance within and between subjects,
 - Developing Post-16 partnership work with Marlwood School, and
 - Driving forward strategies for securing fit for purpose accommodation
- Collaborative Partnerships - Secure and expand collaborative partnerships, in order to
 - improve the range and quality of opportunities for student achievement, employability skills and enrichment, leadership development and CPD for staff,
 - strengthen Castle and our community (including parental engagement), and
 - promote our values, beliefs and culture of collective responsibility
- Leadership Capacity - Continue to grow the capacity of leaders and develop leadership capabilities in order to extend best practice within the school and also regionally, nationally and internationally (including student leadership)
- Whole Education - Continue to develop practice which ensures a 'whole' education for Castle students

Public benefit

The board of trustees has complied with the duty in Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission in defining the strategic direction of the trust. The activities by the trust to achieve public benefit are set out in the Objectives, Strategies and Activities section above.

Achievements and performance

Student numbers at The Castle School continue to be good in the context of significant surplus places in the area. Applications to Year 7 (for September 2013) were high with considerable first preference applications. The number on roll at the point of the most recent school census was 1,696 (1,323 – 11-16, 373 – Post-16).

Attainment when compared to the government measure of five or more A*-C grades at GCSE with English and Mathematics was significantly above the national average at 68% (national average 60.1%) at The Castle School. Progress in English and Mathematics at Key Stage 4 also remain above the national average. 82% of students made the expected progress in English Key Stages 2-4 (national average 70.1%) and 74.1% of students made the expected progress in Mathematics (national average 71.1%). 45% of students achieved the English Baccalaureate (a rise of 9% points on 2012).

CASTLE SCHOOL EDUCATION TRUST
TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013

Achievements and performance (continued)

In addition, The Castle School continues to utilise Pupil Premium funding to meet the academic needs of those students eligible for free school meals and to close the gap between their achievement and that of none free school meals students. In 2013, 41% of free school meals students achieved A*-C grades in English and Maths compared with 37% in the previous year. A detailed statement of how the Academy utilises Pupil Premium funding can be found on The Castle School website.

A2 attainment at The Castle School remains significantly above the national average with average point score per student at 819 and average point score per entry at 213. The progress made by students at Key Stage 5 is positive and in line with the national average.

Current data shows that all The Castle School's Year 11 2013 school leavers went into Post-16 education, training or employment. The significant majority of students in Year 13 secured a place at their chosen university.

Students' positive engagement in their learning and the school community is demonstrable through high attendance rates which averaged 95% (Year 7 to Year 11 2013) and low and reducing exclusion rates. There were 58 fixed period exclusions in the 2012/2013 academic year (compared with 106 in 2011/2012). There were no permanent exclusions in the 2012/2013 academic year.

The Castle School's curriculum provides a wide range of memorable experiences and rich opportunities for high quality learning. Last academic year the school provided a range of courses and qualifications to meet the needs of learners, including GCSEs, A-levels, COPE, BTECs, and Cambridge Nationals. The school also provided personalised programmes including work based learning and use of alternative curriculum provision, including a Work2Learn scheme in Key Stage 4. Progress of students is accelerated through personalised learning and the opportunity for extension and enrichment activities.

The Castle School also has an extensive programme of careers and work related learning, which is embedded throughout the school from Years 7 – 13, including Curriculum Focus Days, an Ambitions Event, Aspirations Week in the Sixth Form and work as a Bright Futures school. Key Stage 4 students work towards a Preparation for Working Life qualification.

In Year 10, 100% of The Castle School's students took part in work experience. In the Sixth Form, as well as a wide choice of over 30 Level 3 qualifications at A-level or BTEC, a Level 2 programme also runs. There is also a flourishing Sixth Form Extension Curriculum, which includes Extended Project, Additional AS qualifications, Sports Leaders Awards, Peer mentoring, Community Service placements and extended Work Experience placements.

The Castle School continues to support the Professional Learning of its staff. For teachers the priority has been the quality of teaching particularly moving to Outstanding. We have run a continuous cycle of CPD to support this, focusing on whole-school priorities of questioning, feedback and differentiation as well as responding to individual and group requests. These have been delivered through a variety of fora. As a result, lesson observation data shows a rising trend from 33% outstanding 2010-2011 to 40% outstanding 2011-2012 (42% of lessons judged outstanding in Ofsted, June 2012) and 43% outstanding 2012-2013, as well as the percentage of good and outstanding lessons being consistently and reliably over 90% for the past three years. In order to build on this success, teachers are currently undertaking their own professional learning projects (PLPs), in which teachers trial new pedagogy outside their comfort zone within a supportive working triad or group. These projects aim to ensure all teachers identify their own specific need, related to the SIP, and work collaboratively to develop their practice in this area, thereby addressing the individual's priorities and improving all teachers' engagement in their own CPD. Research shows that when these factors come together, professional learning, which has the biggest impact on outcomes for all, takes place.

Support, administration and maintenance staff (SAMS) have pursued professional and technical qualifications ranging from degrees, CACHE and CSBM.

CASTLE SCHOOL EDUCATION TRUST
TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013

Achievements and performance (continued)

The chief executive and other key leadership staff with the trustees have been actively engaged in building and maintaining significant partnerships with other schools, academies and others, e.g. South Gloucestershire Council, for the benefit of children and families locally. The chief executive has been recredited as a National Leader of Education and The Castle School a National Support School in recognition of on-going contribution to system wide improvements in schools. During this period the Trust has been approved to be an Academy sponsor. The Trust has been active in pursuing joint Post 16 provision with a neighbouring secondary school. The Trust has also continued to foster work with other trusts particularly The Fortius Schools Trust. A commitment has been made to the Whole Education network and to Achievement for All (3As) Ltd. Both of these organisations align with the values and ethos of the trust and help meet the needs of our students and school development priorities.

Going concern

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

Financial review

Most of the CSET's income is obtained from 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 EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

At the end of the year the trust carried forward £10,482,418 in restricted capital funds, £260,282, before deducting the defined benefit pension scheme liability of £1,709,000, in restricted general reserves, and £1,408,952 in unrestricted reserves.

The trust has reviewed its staffing and expenditure in light of the funding it anticipates receiving. In light of these pressures on income and expenditure, the trustees feel the level of reserves generated is reasonable in that it will allow the trust's academies to invest and meet its targets without compromising the quality of education offered in future years.

Financial and risk management objectives and policies

A risk register is maintained which is considered at regular intervals by the board of trustees, local governing bodies and sub-committees and the SLT.

Matters related to risks and identification of actions are a frequent agenda item of the local governing bodies and sub-committees and minutes for the period are maintained by the clerk. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Principal risks and uncertainties

The trustees have assessed the major risks the trust may experience in its principle work and have identified in particular those related to finance, provision of facilities, quality of teaching, maintenance of student numbers and other operational areas.

The trustees have implemented a number of systems to assess risk and have taken steps to minimise these using as detailed in minutes. The trust has an effective system on internal financial controls.

CASTLE SCHOOL EDUCATION TRUST '
TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013

Financial review (continued)

Reserves policy

This policy of the trust is to carry forward a prudent level of free reserves of between 8% and 12% of normal incoming resources. This is considered sufficient working capital to cover delays between spending and the receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The trustees regularly review the reserves of the trust and consider them to be sufficient for the trust's requirements and not excessive.

Investment policy

The trust manages its cash by reviewing short and medium term requirements for funds. The policy is to invest temporary surplus amounts in easy access bank deposit accounts. There are currently no long term investments made by the trust. The situation will be reviewed regularly to ensure the trust maximises the return on its cash reserves.

Plans for the future

The trust has considered the strategic priorities for the next three years with reference to individual faculty plans, whole school plans and a risk register to highlight the key strategic challenges. For 2013/14 the following are strategic priorities for the trust:

- Maintaining student numbers by keeping The Castle School fully subscribed in light of competition from other providers
- Ensuring sufficient capacity for school to school support
- Modelling possible budget reduction schemes and identifying efficiency savings
- Responding to changing educational policy
- Implementing an action plan to ensure succession planning and distributed leadership
- Recruitment and retention of skilled and knowledgeable staff
- Continuing to raise student attainment and achievement
- Ensuring capital investment in the school buildings including maintenance and seeking expert advice
- Develop a growth strategy for the trust

As part of the trust's growth strategy, on 1 September 2013 Charfield Primary School converted to academy trust status under the Academies Act 2010 and became the responsibility of CSET, with its assets and liabilities being transferred into the trust from that date.

Provision of information to auditor

So far as each of the trustees is aware at the time the report is approved:

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

This report was approved by the trustees on 9 December 2013 and signed on their behalf



Stuart Hill
Chair of Board of Trustees

CASTLE SCHOOL EDUCATION TRUST

GOVERNANCE STATEMENT

Scope of responsibility

The trustees recognise they have overall responsibility for ensuring Castle School Education Trust has an effective and appropriate system of control, financial and otherwise. It is also recognised that the system of control can at best be designed to provide reasonable assurance that the organisation is managing the risk of business or financial loss.

The trustees have delegated the day to day responsibility to the chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Castle School Education Trust and the Secretary of State for Education. The chief executive is also responsible for reporting to the trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and the statement of trustees' responsibilities. The board of trustees has formally met four times including one virtual meeting between 11 February 2013 and 31st August 2013. Attendance at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Rhona Allgood	4	4
Mike Ashfield	4	4
Graham Barley	4	4
John Barrow	2	4
Richard Crabtree	4	4
Stuart Hill (Chair)	4	4
Quentin Killey	3	4
Clive Parkinson	4	4
Tim Pearce	4	4
Penelope Robinson	4	4
Melanie Warnes	4	4
Jon Welsh	2	4

The risk and control framework

The trustees of Castle School Education Trust exercise a level of control through the governors of The Castle School, who are responsible for ensuring the adequacy of financial controls and risk management within the school. The Castle School local governing body has established a finance and resources sub-committee that approves the delegation of authority within the school and periodically reviews the internal reports showing planned and actual expenditure, to confirm that adequate financial control is being exercised.

The system of internal financial control is based on clear delegation of authority and segregation of duties supported by a framework of management information reporting, all of which are reviewed each year by The Castle School's finance and resources sub-committee. The sub-committee undertakes the following checks:

- reviewing and challenging budgeted income and expenditure, prior to recommending the budget for approval by the school governors and the trust's trustees,
- approving the scheme of delegation of authority,
- reviewing the internal financial management reports during the period, understanding areas of variation from plan and identifying areas of risk,
- challenging significant items of expenditure, ensuring that purchasing policies are complied with and ensuring suitable work is undertaken to obtain best value for material investments, and
- regularly reviewing key risks and the adequacy of treatment plans.

CASTLE SCHOOL EDUCATION TRUST

GOVERNANCE STATEMENT

Risk management

The trustees have had a risk management policy in place throughout the period under review. The key risks and the associated treatment plans are reviewed by the trustees each year. The Castle School's local governing body and its sub-committees have regularly reviewed the key risks in consultation with members of the school's senior leadership team, to ensure that risks and associated actions are appropriate.

Review of effectiveness

As accounting officer, the chief executive has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by

- the work of the external auditor,
- the financial management and governance self-assessment process, and
- the work of the deputy headteacher with responsibility for the management of the finance team.

As accounting officer, the chief executive has been advised of the reviews that have taken place and the enhancements that can be made to develop the level of financial control. The trustees are confident that the existing level of control is adequate and that the continuing improvements will further strengthen the financial position of the Trust.

Approved by order of the members of the board of trustees on 9 December 2013 and signed on its behalf by



Stuart Hill
Chair of Board of Trustees



Melanie Warnes
Chief Executive and Accounting Officer

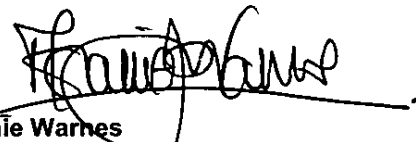
CASTLE SCHOOL EDUCATION TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Castle School Education 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 trust board of trustees are able to identify any material irregular or improper use of funds by the trust, or material non-compliance with the terms and conditions of funding under the 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


Melanie Warnes
Chief Executive and Accounting Officer

CASTLE SCHOOL EDUCATION TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 9 December 2013 and signed on its behalf by



Stuart Hill
Chair of Board of Trustees

CASTLE SCHOOL EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES OF CASTLE SCHOOL EDUCATION TRUST

We have audited the financial statements of Castle School Education Trust ("the Academy") for the period ended 31 August 2013 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency ("the EFA")

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and to the trustees, as a body, in accordance with the Academies Accounts Direction 2013. Our audit work has been undertaken so that we might state to the Academy's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy, the Academy's members as a body and the Academy's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the trustees' responsibilities statement, the trustees (who act as governors of Castle School Education Trust and are also the directors of the charitable company 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. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the EFA

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements,

CASTLE SCHOOL EDUCATION TRUST

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO
THE BOARD OF TRUSTEES OF CASTLE SCHOOL EDUCATION 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 and proper accounting records have not been kept in respect of the Academy, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements do not accord with the accounting records, or
- certain disclosures of governor's remuneration specified by law are not made, or
- any information or explanation to which we are entitled has not been afforded to us

BDO LLP

Neil Dimes (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Bristol, UK
Date 18 December 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

CASTLE SCHOOL EDUCATION TRUST

INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO CASTLE SCHOOL EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Castle School Education Trust during the period 11 February 2013 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Castle School Education Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Castle School Education Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Castle School Education Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Castle School Education Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Castle School Education Trust's funding agreement with the Secretary of State for Education dated 1 March 2013 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 11 February 2013 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion includes an assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified.

CASTLE SCHOOL EDUCATION TRUST.

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY
TO CASTLE SCHOOL EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 11 February 2013 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

BDO LLP

Neil Dimes (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Bristol, UK
Date 18 December 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

CASTLE SCHOOL EDUCATION TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	2013 Total £
Incoming resources from generated funds					
Voluntary income – transfer from Local Authority on conversion	2,26	1,364,204	(1,673,164)	10,745,546	10,436,586
Voluntary income – other	2	15,200	7,700	-	22,900
Activities for generating funds	3	33,412	-	-	33,412
Investment income	4	853	-	-	853
Incoming resources from charitable activities					
Funding for the academy trust's educational operations	5	-	4,421,693	33,244	4,454,937
Other income	6	46,772	123,696	-	170,468
Total incoming resources		1,460,441	2,879,925	10,778,790	15,119,156
Costs of generating funds					
Fundraising trading	8	6,123	-	-	6,123
Charitable activities					
Academy trust's educational operations	9	45,366	4,358,577	296,372	4,700,315
Governance costs	10	-	34,066	-	34,066
Total resources expended	7	51,489	4,392,643	296,372	4,740,504
Net income/(expenditure) for the period		1,408,952	(1,512,718)	10,482,418	10,378,652
Other recognised gains and losses					
Actuarial (losses) gains on defined benefit pension schemes	17,24	-	64,000	-	64,000
Net movement in funds		1,408,952	(1,448,718)	10,482,418	10,442,652
Reconciliation of funds					
Fund balances brought forward		-	-	-	-
Fund balances carried forward		1,408,952	(1,448,718)	10,482,418	10,442,652

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

All of the academy trust's activities derive from acquisitions in the current financial period

CASTLE SCHOOL EDUCATION TRUST
Registered Company Number 08397975
BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £
Fixed assets			
Tangible assets	14		10,437,109
			<u>10,437,109</u>
Current assets			
Debtors	15	253,765	
Cash at bank and in hand		<u>2,153,505</u>	
		2,407,270	
Creditors: amounts falling due within one year	16	<u>(692,727)</u>	
Net current assets			1,714,543
Total assets less current liabilities			12,151,652
Pension scheme liability	24		(1,709,000)
Net assets including pension liability			<u>10,442,652</u>
The funds of the academy trust:			
Restricted income funds			
Fixed asset fund	17	10,482,418	
General fund	17	260,282	
Pension reserve	17	<u>(1,709,000)</u>	
Total restricted funds			9,033,700
Unrestricted funds			
General fund	17	<u>1,408,952</u>	
Total unrestricted funds			1,408,952
Total funds			<u>10,442,652</u>

The financial statements on pages 17 to 38 were approved by the trustees, and authorised for issue on 9 December 2013 and are signed on their behalf by



Stuart Hill
Chair of Board of Trustees

CASTLE SCHOOL EDUCATION TRUST
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	2013 £
Net cash inflow from operating activities	20	686,919
Returns on investments and servicing of finance	21	853
Capital expenditure	21	(74,740)
Cash transferred on conversion to an academy trust		<u>1,540,473</u>
Increase in cash in the period	22	<u>2,153,505</u>
Reconciliation of net cash flow to movement in net funds		
Increase in cash in the period		2,153,505
Net funds at 11 February 2013		-
Net funds at 31 August 2013	22	<u><u>2,153,505</u></u>

All of the cash flows are derived from acquisitions in the current financial period

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 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 Castle School Education Trust 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 academy trust Castle School Education Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in Note 26.

1.3 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.4 Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 period 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

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.

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1 ACCOUNTING POLICIES (continued)

1.4 Incoming resources (continued)

Donations

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

Other income

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

Donated services and gifts in kind

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 academy trust's policies

1.5 Resources expended and liabilities

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

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds

Charitable activities

These are costs incurred on the academy trust's educational operations

Governance costs

These 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

Liabilities are recognised as soon as there is a legal or constructive obligation committing the academy trust to pay out resources

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.6 Tangible assets and depreciation

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

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

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

Long leasehold buildings	-	5 to 40 years
Fixtures, fittings and equipment	-	5 years
ICT equipment	-	5 years

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

1.7 Leased Assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

1.8 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.

CASTLE SCHOOL EDUCATION TRUST

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

1 ACCOUNTING POLICIES (continued)

1.9 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes 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 24, 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 period.

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 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 until 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.

1.10 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency (EFA), Department for Education (DfE) or other 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 EFA and DfE.

2 VOLUNTARY INCOME

	Unrestricted funds	Restricted funds	2013
	£	£	£
Private sponsorship	15,200	-	15,200
Other donations	-	7,700	7,700
Transferred on conversion (see Note 26)	1,364,204	9,072,382	10,436,586
	<u>1,379,404</u>	<u>9,080,082</u>	<u>10,459,486</u>

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	2013 £
Hire of facilities	28,681	-	28,681
Other activities for generating funds	4,731	-	4,731
	<u>33,412</u>	<u>-</u>	<u>33,412</u>

4. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2013 £
Bank interest	853	-	853
	<u>853</u>	<u>-</u>	<u>853</u>

5. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2013 £
DfE / EFA grants			
General annual grant (GAG)	-	3,954,721	3,954,721
Pupil premium	-	55,350	55,350
Capital grants	-	33,244	33,244
Other DfE/EFA grants	-	118,351	118,351
	<u>-</u>	<u>4,161,666</u>	<u>4,161,666</u>
Other Government grants			
Local authority grants	-	293,271	293,271
	<u>-</u>	<u>293,271</u>	<u>293,271</u>
	<u>-</u>	<u>4,454,937</u>	<u>4,454,937</u>

6. OTHER INCOME

	Unrestricted funds £	Restricted funds £	2013 £
Contributions to trips	-	123,696	123,696
Other income	46,772	-	46,772
	<u>46,772</u>	<u>123,696</u>	<u>170,468</u>

CÁSTLE SCHOOL EDUCATION TRUST

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

7. RESOURCES EXPENDED

	Staff costs £	Premises £	Other costs £	Total 2013 £
Costs of activities for generating funds	3,551	1,796	776	6,123
Academy trust's educational operations				
- Direct costs	3,223,759	296,372	348,658	3,868,789
- Allocated support costs	488,330	120,844	222,352	831,526
	<u>3,715,640</u>	<u>419,012</u>	<u>571,786</u>	<u>4,706,438</u>
 Governance costs including allocated support costs	 -	 -	 34,066	 34,066
	<u>3,715,640</u>	<u>419,012</u>	<u>605,852</u>	<u>4,740,504</u>

Incoming/outgoing resources for the period include

	2013 £
Operating lease rentals	7,970
Auditor's remuneration – audit of financial statements	8,500
Auditor's remuneration – other services	<u>15,297</u>

8. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	2013 £
Sports Centre - staff	3,551	-	3,551
Sports Centre - other costs	1,796	-	1,796
Other	776	-	776
	<u>6,123</u>	<u>-</u>	<u>6,123</u>

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

9 CHARITABLE ACTIVITIES – ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2013 £
Direct costs			
Teaching and educational support staff costs	16,663	3,207,096	3,223,759
Depreciation	-	296,372	296,372
Technology costs	-	4,886	4,886
Educational supplies	1,938	46,683	48,621
Examination fees	7,495	109,934	117,429
Staff development	-	6,552	6,552
Educational consultancy	-	8,118	8,118
Educational trips	-	100,742	100,742
Other direct costs	2,180	60,130	62,310
	<u>28,276</u>	<u>3,840,513</u>	<u>3,868,789</u>
Allocated support costs			
Support staff costs	10,036	478,294	488,330
Technology costs	214	10,206	10,420
Recruitment and support	137	6,519	6,656
Maintenance of premises and equipment	792	37,734	38,526
Cleaning	145	6,898	7,043
Rent and rates	270	12,869	13,139
Energy costs	1,277	60,859	62,136
Insurance	614	29,242	29,856
Security and transport	492	23,452	23,944
Catering	445	21,204	21,649
Other support costs	2,668	127,159	129,827
	<u>17,090</u>	<u>814,436</u>	<u>831,526</u>
	<u>45,366</u>	<u>4,654,949</u>	<u>4,700,315</u>

10. GOVERNANCE COSTS

	Unrestricted funds £	Restricted funds £	2013 £
Legal and professional fees	-	9,207	9,207
Auditor's remuneration - audit of financial statements	-	8,500	8,500
Auditor's remuneration - other services	-	15,297	15,297
Internal audit services	-	962	962
Other accountancy	-	100	100
	<u>-</u>	<u>34,066</u>	<u>34,066</u>

CÁSTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

11. STAFF COSTS

	2013 £
Wages and salaries	3,040,093
Social security costs	215,802
Pension costs	459,745
	<hr/>
	3,715,640
Supply teacher costs	29,254
	<hr/>
	3,744,894
	<hr/>

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

	2013 FTE
Charitable Activities	
Teachers	110
Administration and support	80
Management	10
	<hr/>
	200
	<hr/>

No employees earned over £60,000 during the period

12. RELATED PARTY TRANSACTIONS – TRUSTEE REMUNERATION AND EXPENSES

In accordance with the trust's memorandum and articles of association, the chief executive and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of chief executive 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 was as follows

Melanie Warnes (chief executive and trustee)	£50,000 - £55,000
Jon Welsh (staff trustee)	£20,000 - £25,000

During the period ended 31 August 2013, no travel or subsistence were reimbursed to trustees

Other related party transactions involving the trustees are set out in Note 25

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the academy 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 period ended 31 August 2013 was £1,855 including insurance premium tax.

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

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

14. TANGIBLE ASSETS

	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost					
At 11 February 2013	-	-	-	-	-
Transfer on conversion	10,550,000	35,883	28,634	5,596	10,620,113
Additions	29,041	4,655	79,672	-	113,368
	<u>10,579,041</u>	<u>40,538</u>	<u>108,306</u>	<u>5,596</u>	<u>10,733,481</u>
Depreciation					
At 11 February 2013	-	-	-	-	-
Charge	276,054	3,840	15,918	560	296,372
	<u>276,054</u>	<u>3,840</u>	<u>15,918</u>	<u>560</u>	<u>296,372</u>
Net book value					
At 31 August 2013	<u>10,302,987</u>	<u>36,698</u>	<u>92,388</u>	<u>5,036</u>	<u>10,437,109</u>
At 11 February 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15. DEBTORS

	2013 £
Trade debtors	19,902
VAT recoverable	73,780
Other debtors	11,529
Prepayments	65,724
Accrued income	82,830
	<u>253,765</u>

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

16 CREDITORS:

Amounts falling due within one year

	2013
	£
Trade creditors	289,111
Taxation and social security	129,782
Other creditors	112,038
Accruals	86,884
Abatement of GAG	46,090
Deferred income	28,822
	692,727

Deferred income	2013
	£
Deferred Income at 11 February 2013	-
Resources deferred in the year	28,822
Amounts released from previous years	-
	28,822

At the balance sheet date the academy trust was holding funds received in advance for services to be performed after the balance sheet date

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

17. FUNDS

	Balance at 11 February 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2013 £
Restricted general funds					
General annual grant (GAG)	-	4,004,905	(3,906,415)	-	98,490
Pupil premium funding	-	55,350	(10,103)	-	45,247
SEN funding	-	289,710	(289,710)	-	-
School Fund	-	174,532	(98,364)	-	76,168
Conversion funding	-	65,000	(27,540)	-	37,460
Other restricted funds	-	14,428	(11,511)	-	2,917
Pension reserve	-	(1,724,000)	(49,000)	64,000	(1,709,000)
	-	2,879,925	(4,392,643)	64,000	(1,448,718)
Restricted fixed asset funds					
DfE/EFA capital grants	-	33,244	-	-	33,244
Inherited capital funds	-	125,433	(12,167)	-	113,266
Inherited fixed assets	-	10,620,113	(284,205)	-	10,335,908
	-	10,778,790	(296,372)	-	10,482,418
Total restricted funds	-	13,658,715	(4,689,015)	64,000	9,033,700
Unrestricted funds					
Unrestricted funds	-	1,460,441	(51,489)	-	1,408,952
Total funds	-	15,119,156	(4,740,504)	64,000	10,442,652

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

General annual grant (GAG)

The general annual grant (GAG) must be used for the normal running costs of the school. It can also be applied to capital expenditure. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

Pupil premium funding

Pupil premium funding must be used to address inequalities between children eligible for free school meals and their peers.

SEN funding

SEN funding must be spent supporting pupils with statements of special educational needs.

School Fund

The School Fund holds contributions from parents and pupils towards school trips and similar activities.

Conversion Fund

The conversion fund holds grants received to cover the costs of legal and professional advice, software licences, and re-branding and other costs associated with the conversion of Charfield Primary School to an academy within Castle School Education Trust (see Note 27).

CASTLE SCHOOL EDUCATION TRUST

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

17. FUNDS (continued)

Other restricted funds

Other restricted funds include grants and related costs for the release a PE teacher from timetable to provide more competitive sport for all pupils, a Sixth Form teachers grant, donations for art equipment, funding for international teacher exchanges, and funding for a coordinator of the Science, Technology, Engineering and Mathematics club

Pension reserve

The pension reserve holds the trust's share of the Local Government Pension Scheme deficit

DfE/EFA capital grants

Devolved capital grants can be used for capital expenditure and repairs to enhance the fabric of school buildings

Inherited capital funds

The school received unspent capital funds from its predecessor school. The trust must respect the original restriction on these funds and so they must be spent on capital projects

Inherited fixed assets

The amount of inherited fixed assets represents the depreciated replacement cost of the predecessor school's land and buildings and the fair value of equipment, which was transferred to the academy trust on 1 March 2013

Unrestricted funds

Unrestricted funds are available to be spent on any purpose within the school's charitable objects

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2013 are represented by

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Tangible fixed assets	-	-	10,437,109	10,437,109
Current assets	1,408,952	953,009	45,309	2,407,270
Current liabilities	-	(692,727)	-	(692,727)
Pension scheme liability	-	(1,709,000)	-	(1,709,000)
Total net assets	1,408,952	(1,448,718)	10,482,418	10,442,652

19. FINANCIAL COMMITMENTS

Operating leases

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

	2013 £
Other (not land and buildings) Expiring within two and five years inclusive	15,941
	15,941

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

20 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £
Net income	10,378,652
Donation - cash transferred on conversion	(1,540,473)
Donation - fixed assets less pension liability transferred on conversion	(8,896,113)
Depreciation	296,372
Capital grants from DfE and other capital income	(33,244)
Interest receivable	(853)
FRS 17 pension cost less contributions payable	24,000
FRS 17 pension finance income	25,000
(Increase)/decrease in debtors	(253,765)
Increase/(decrease) in creditors	687,343
Net cash inflow from operating activities	686,919

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

	2013 £
Returns on investments and servicing of finance	
Interest received	853
Net cash inflow from returns on investment and servicing of finance	853

	2013 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(107,984)
Capital grants from DfE/EFA	33,244
Net cash outflow from capital expenditure and financial investment	(74,740)

22. ANALYSIS OF CHANGES IN NET FUNDS

	At 11 February 2013 £	Cash flows £	At 31 August 2013 £
Cash at bank and in hand	-	2,153,505	2,153,505
	-	2,153,505	2,153,505

23 MEMBERS' LIABILITY

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

CASTLE SCHOOL EDUCATION TRUST

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

24 PENSION AND SIMILAR OBLIGATIONS

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Avon Pension Fund. 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 March 2010.

Contributions amounting to £109,379 were payable to the schemes at 31 August 2013 and are included within other creditors.

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

24. PENSION AND SIMILAR OBLIGATIONS (continued)

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

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

Teachers' Pension Scheme Changes

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy 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 has set out above the information available on the scheme.

CÁSTLE SCHOOL EDUCATION TRUST

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

24 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £168,000, of which employer's contributions totalled £125,000 and employees' contributions totalled £43,000. The agreed contribution rates for future years are 13% per cent for employers and 5.5%-12.5% per cent for employees, depending on salary band.

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 period. 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.

Principal actuarial assumptions	At 31 August 2013 £
Rate of increase in salaries	3.9%
Rate of increase for pensions in payment/inflation	2.4%
Discount rate for scheme liabilities	4.5%
Inflation assumption (CPI)	2.4%
Commutation of pensions to lump sums	50.0%

Sensitivity analysis on the principle actuarial assumptions	£
Increase/ (decrease) in deficit at 31 August 2013	
Discount rate increased by 0.1% per annum	(59,000)
Inflation increased by 0.1% per annum	60,000
Life expectancy increased by 1 year	58,000

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

	2013 £
<i>Retiring today</i>	
Males	22.9
Females	25.9
<i>Retiring in 20 years</i>	
Males	25.2
Females	28.2

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

24 PENSION AND SIMILAR OBLIGATIONS (continued)

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

	Expected return at 31 August 2013 £	Fair values at 31 August 2013 £
Equities	7.0%	1,068,000
Government bonds	3.4%	177,000
Other bonds	4.4%	146,000
Property	5.7%	118,000
Cash/liquidity	0.5%	30,000
Other	7.0%	118,000
Total market value of assets		1,657,000
Present value of scheme liabilities		
- Funded		(3,366,000)
Deficit in the scheme		(1,709,000)

The actual return on scheme assets was £41,000

Amounts recognised in the statement of financial activities	2013 £
Current service cost (net of employee contributions)	149,000
Past service cost	-
Total operating charge	149,000
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	45,000
Interest on pension liabilities	(70,000)
Pension finance income/(costs)	(25,000)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £64,000 gain.

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

	2013 £
At 11 February 2013	-
Transferred from predecessor school on conversion	3,164,000
Current service cost	149,000
Interest cost	70,000
Employee contributions	43,000
Actuarial (gain)/loss	(60,000)
Benefits paid	-
Past service cost	-
Curtailments and settlements	-
At 31 August 2013	3,366,000

CÄSTLE SCHOOL EDUCATION TRUST

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

24. PENSION AND SIMILAR OBLIGATIONS (continued)

Movements in the fair value of academy's share of scheme assets	2013
	£
At 11 February 2013	-
Transferred from predecessor school on conversion	1,440,000
Expected return on assets	45,000
Actuarial gain/(loss)	4,000
Employer contributions	125,000
Employee contributions	43,000
Benefits paid	-
	1,657,000
At 31 August 2013	1,657,000

The estimated value of employer contributions for the year ended 31 August 2014 is £251,000

The five-year history of experience adjustments is as follows

	2013	2012	2011	2010	2009
	£	£	£	£	£
Present value of defined obligations	3,366,000	n/a	n/a	n/a	n/a
Fair value of share of scheme assets	1,657,000	n/a	n/a	n/a	n/a
Deficit in the scheme	1,709,000	n/a	n/a	n/a	n/a
Experience adjustments on share of scheme assets	4,000	n/a	n/a	n/a	n/a
Experience adjustments on scheme liabilities	-	n/a	n/a	n/a	n/a

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

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

CASTLE SCHOOL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

26 CONVERSION TO AN ACADEMY TRUST

On 1 March 2013 The Castle School, Thornbury converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to academy trust from South Gloucestershire 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 expended.

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	10,550,000	10,550,000
- Other tangible fixed assets	-	-	70,113	70,113
Budget surplus on LA fund	1,364,204	-	125,433	1,489,637
Budget surplus on other school funds	-	50,836	-	50,836
LGPS pension deficit	-	(1,724,000)	-	(1,724,000)
Net assets	1,364,204	(1,673,164)	10,745,546	10,436,586

The above net assets include £1,540,473 that was transferred as cash

The school's land and buildings are occupied by the trust under a 125 year lease with South Gloucestershire Council with a peppercorn rent

27. POST BALANCE SHEET EVENTS

On 1 September 2013 Charfield Primary School converted to academy trust status under the Academies Act 2010 and became the responsibility of Castle School Education Trust. The operations and assets and liabilities of the school were transferred to the trust from South Gloucestershire Council for £nil consideration.