

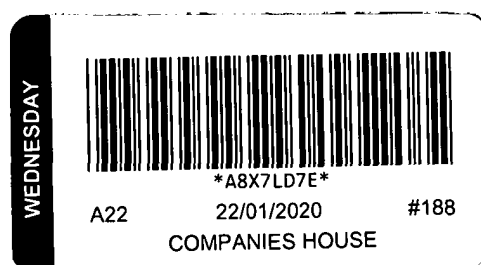
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**Castle School Education Trust**  
(A Company Limited by Guarantee)

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**Annual Report and Financial Statements**

**For the Year Ended 31 August 2019**



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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Reference and Administrative Details**

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|  |  |
|--|--|
| <b>Members</b>                         | Rhona Allgood<br>Helen Harrison<br>Stuart Hill<br>Jason Lugg<br>Clive Parkinson  |
| <b>Trustees</b>                        | Susannah Hill, Chair (appointed 14 January 2019)<br>Simon MacSorley, Vice Chair (appointed 10 December 2018)<br>Rhona Allgood<br>Margaret Cook (resigned 19 October 2019)<br>Ian Cooper (resigned 10 December 2018)<br>Mark Fuller (resigned 17 May 2019)<br>Stuart Hill (resigned 14 January 2019)<br>Andrew Levitt (appointed 10 December 2018)<br>Colin McDougall (appointed 10 December 2018)<br>Clive Parkinson (resigned 10 December 2018)<br>Penelope Robinson (resigned 20 May 2019)<br>Christopher White-Horne<br>Paul Harrod<br>Rhiannon Clancy<br>Jayne Prior (appointed 25 March 2019)<br>William Roberts, Ex- officio |
| <b>Company registered number</b>       | 08397975   |
| <b>Principal and registered office</b> | Mangotsfield School<br>Rodway Hill<br>Bristol<br>BS16 9LH  |
| <b>Company secretary</b>               | Meng Kwok (to 13 July 2019)<br>Susan Brobyn (from 14 July 2019)  |
| <b>Chief executive officer</b>         | William Roberts  |
| <b>Senior management team</b>          | William Roberts, Chief executive and accounting officer<br>Meng Kwok, Head of Finance (to 13 July 2019)<br>Susan Brobyn, Director of Finance and Operations (from 1 July 2019)   |
| <b>Independent auditors</b>            | BDO LLP<br>Bridgewater House<br>Counterslip<br>Bristol<br>BS1 6BX  |
| <b>Bankers</b>                         | Lloyds Bank Plc<br>3 East Walk<br>Yate<br>BS37 4AT   |

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**Castle School Education Trust**  
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**Reference and Administrative Details (continued)**  
**For the Year Ended 31 August 2019**

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|                   |   |
|-------------------|---|
| <b>Solicitors</b> | Veale Wasbrough Vizards LLP<br>Narrow Quay House<br>Narrow Quay<br>Bristol<br>BS1 4QA |
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**Castle School Education Trust**  
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**Trustees' Report**  
**For the Year Ended 31 August 2019**

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The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2018 to 31 August 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2018/19 issued by the ESFA.

The annual report serves the purposes of both a trustees' report under charity law and a directors' report under company law.

Castle School Education Trust (CSET) operates four secondary schools and three primary schools in South Gloucestershire. There were 4,926 students on roll across the schools in the school census on 4 October 2019.

### **Structure, Governance and Management**

#### *Constitution*

CSET is a company limited by guarantee and an exempt charity. The primary governing documents of the Trust, which is a multi-academy trust, are the memorandum and articles of association dated 11 February 2013.

With prior consent of the Secretary of State for Education, the Articles of Association were revised and replaced by special resolution of the Members on 13 July 2016. The trustees of CSET are also the directors of the charitable company for the purposes of company law. The charitable company is known as Castle School Education Trust, but also trades under the names of its schools, listed in the reference and administrative details on page 1.

Details of the trustees of CSET who served during the year to 31 August 2019 and to the date these accounts are approved 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*

From February 2018, CSET was part of the Department of Education's risk protection arrangement, an alternative to insurance where UK government funds cover losses that arise. This scheme protects the trustees and officers and providers cover up to £10,000,000.

#### *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 eight. Two parent trustees will be elected or appointed where there are not two parent governors on each Local Governance Committee. There was no requirement for parent trustees during the year.
- The chief executive is an ex-officio trustee.
- There can be up to three co-opted trustees, appointed by the Board of Trustees.

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

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**Castle School Education Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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*Policies and Procedures Adopted for the Induction and Training of Trustees*

The training and induction provided for new trustees depends 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 schools 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*

The CSET governance structure consists of two levels: the Trust's Board of Trustees and the individual schools' Local Governance Committees (LGC). The Trust delegates to each LGC the governance of educational provision and effectiveness, with governors acting as a "critical friend" to the Headteacher and School Leadership Team (SLT). The governance of financial and non-educational operations resides with trustees and is discharged by the Finance & Resources Committee.

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 Governance Committee is effectively monitoring the performance of each school. The trustees appoint a Chief Executive Officer to provide executive leadership of the Trust's activities. The Chief Executive Officer is the line manager of each of the Headteachers.

The schools' SLTs control the schools at an executive level, implementing and reporting back on the policies approved by the Board of Trustees or LGC. As a group, each 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 would normally include a Governor and the Chief Executive Officer of the Trust. Financial commitments are controlled through the application of a scheme of delegated authority to budget holders within the school.

*Disabled employees*

CSET takes equalities very seriously and is opposed to all forms of discrimination. Our selection processes are non-discriminatory and always seek to give full and fair consideration to those with disabilities for all vacancies whilst taking into account their aptitudes and abilities. If an employee becomes disabled then we will make every effort to accommodate reasonable adjustments to ensure that his/her employment with CSET continues and appropriate training will be arranged for that employee. As far as possible, CSET ensures that the training, career development and promotion of any disabled person are identical to that of a colleague who does not have a disability.

*Employee involvement*

There are mechanisms for employee communication, consultation and personal development, such as regular staff briefings and appraisals. In addition, the locally recognised Trades' Unions are consulted on a regular basis through a Joint Consultation & Negotiation Committee (JCNC). CSET pays to obtain the availability of the South Gloucestershire Trades' Union Representatives for a variety of purposes, including consultation, giving local trades' union availability for employees where they need to be accompanied as part of HR policies and procedures. CSET tries to ensure that as far as possible employee and trades' union views are taken into account when decisions are made which may affect employees' interests.

**Castle School Education Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

*Arrangements for setting pay and remuneration of key management personnel*

The key management personnel of the Trust comprise the trustees and the executive leadership team listed in the reference and administrative details on page 1. No trustees are remunerated for their services as a trustee.

The pay decisions for all employees at all levels of CSET (including the Chief Executive Officer and the Director of Finance and Operations) are made in accordance with the CSET Pay Policy, which is agreed by the Board of Trustees. The Pay Policy provides clarity on who is able to make pay determinations and how teachers may achieve pay progression (the Performance Management Policy and Procedure also provides additional clarity). The Board of Trustees is responsible for determining the salaries of teaching staff in accordance with the provisions of the School Teachers' Pay and Conditions' Document and for support staff in accordance with the National Joint Council for Local Government Services National Agreement on Pay and Conditions (Green Book) and the associated local provisions.

*Trade union facility time*

The following tables are provided in accordance with the Trade Union (Facility Time Publication Requirements) regulations 2017, which require relevant public sector organisations to report on trade union facility time in their organisations. Facility time is paid time off for union representatives to carry out trade union activities. CSET received union representation services under a service level agreement with South Gloucestershire Council. For this reason, CSET's permanent staff included no relevant union official. The South Gloucestershire Council Annual report for 2018-19 includes a full disclosure on Facility Time relating to trade union activities.

**Relevant union officials**

| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
|--|--------------------------------------|
| 0  | 0                                    |

**Percentage of time spent on facility time**

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

**Percentage of pay bill spent on facility time**

|   |    |
|---|----|
| Provide the total cost of facility time   | £0 |
| Provide the total pay bill  | £0 |
| Provide the percentage of the total pay bill spent on facility time, calculated as:<br>(total cost of facility time ÷ total pay bill) x 100 | 0% |

**Paid trade union activities**

|  |    |
|--|----|
| Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:<br>(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100 | 0% |
|--|----|

*Related Parties and other Connected Charities and Organisations*

There are no sponsors of the Academy Trust and there are no related parties which either control or significantly influence its decisions and operations.

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**Castle School Education Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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CSET controls a trading subsidiary company, Premium Partners Limited, which is not included in these financial statements.

CSET is also part of the North Avon Teaching School Alliance (NATSA) which is a joint teacher training enterprise with Olympus Academy Trust.

### **Objectives and Activities**

#### *Objects and Aims*

CSET's aim is to provide a quality education in a caring environment.

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 schools are situated, the provision of facilities for recreation or other leisure time occupation.

Applications for places at any school will be made in accordance with the Local Authority's co-ordinated admission arrangements. CSET will use timetables for applications as shown in the annual publication by South Gloucestershire Council "Admissions to Primary/Secondary Schools in South Gloucestershire". CSET will consider all applications for places. Where fewer applications than the published admissions number are received, CSET will offer places to all those who have applied. Where the number of applications for admission is greater than the published admissions number, applications will be considered against the criteria set out below. Children with a Statement of Special Education Needs, where the school is named on the statement, are entitled to a place. For the September 2019 admissions, other places were allocated in the following priority order:

- a. **Children in Public Care or Previously in Public Care**
- b. **Local siblings** - those living within the school's Area of Prime Responsibility (where there is an Area of Prime Responsibility defined). Please see Note 2 below.
- c. **Geographical considerations** (those living within the school's Area of Prime Responsibility where there is an Area of Prime Responsibility defined) (Please see Note 3 below)
- d. **Out of Area siblings** – those living outside the school's Area of Prime Responsibility (where there is an Area of Prime Responsibility defined) (Please see Note 2 below)
- e. **Geographical considerations** (those living outside the school's Area of Prime Responsibility where there is an Area of Prime Responsibility defined) (Please see Note 4 below)
- f. **Tie Breaker:** Where it does not prove possible to resolve allocations to an over-subscribed school by the application of criteria a) to e), any remaining places will be allocated by drawing lots

#### *Objectives, strategies and activities*

CSET's strategic objectives for the period to August 2019 were to ensure all schools in the trust perform at least in line with national averages for key performance indicators (including student attainment and progress), and achieve at least 'Good' judgements in each of the key areas of the Ofsted framework in school inspections. The strategic objectives were detailed in the Trust Improvement Plan, which formed the basis of each School Improvement Plan, under the following headings:

1. Increase pace of school improvement through focused and coordinated methodology
2. Build leadership capacity
3. Improve quality of teaching
4. Develop positive school culture for all students
5. Accelerate student progress
6. Secure sustainability of the Trust

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**Castle School Education Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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*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 ways by which the Trust achieves public benefit are set out in the Objectives and Activities section above.

**STRATEGIC REPORT**

**Achievements and Performance**

CSET expanded rapidly from one to seven schools in its first three years of operation. Since then the Trust has concentrated on consolidating the financial and educational performance of the group. The schools within CSET aim to be first choice for parents in the local communities we serve.

A broad, balanced, and inclusive curriculum is in place which is aspirational and challenging and which provides appropriate pathways for all students as they move through their education. High quality Careers Education and Information and Advice Guidance is in place to support high aspirations for all our students and prepares them appropriately for their next steps in whatever context.

We develop character in our students so that they are well rounded, have breadth of experience, are resilient in the face of challenge, and ready to play a positive role as future citizens.

The Trust has a central education team to provide increased support to its sponsored academies. The Trust is increasingly aligning educational provision, drawing on best practice within the schools.

Operations are increasingly aligned in order to generate financial efficiencies and improve the effectiveness of operational support to schools. The Trust is financially solvent and capable of supporting its vision and plan. High level relationships with regional agencies are maintained which help us to navigate funding changes and ensure we remain appropriately funded and financially sustainable. The HR and IT Teams are centralised, and the Finance function is becoming more centralised following the appointment, in July, of the Director of Finance and Operations. The Estates Lead has overseen a number of significant projects to improve the quality of accommodation at schools, funded through the Capital Maintenance Fund. The aim has been to support the delivery of inspirational teaching and learning and protecting and extending the life expectancy of the buildings which are shared with and valued by the community.

The Trust has secured a major capital investment program and in conjunction with South Gloucestershire Council, awaits a feasibility study that will enhance two school sites.

CSET works closely with other schools and academies in South Gloucestershire and the wider area. The Trust has benefited from a Strategic School Improvement Fund project led by Cabot Learning Federation. CSET has a joint teaching school alliance (North Avon Teaching School Alliance) in partnership with Olympus Academy Trust. Staff are committed to the vision and contribute fully to it through their own professional development. Teachers CPD has been provided through joint training focused on the new curriculum.

The CSET Sports Partnership continues to provide valuable support to local primary and secondary schools, including the organisation of sporting competitions and sports provision for primary schools. The CSET IT Partnership provides traded support to local primary schools. Both partnerships are operated through CSET's trading subsidiary, Premium Partners Limited.

We maintain strong governance which monitors and challenges all aspects of school performance. Through self-annual reviews, we ensure the skill set of school governors is appropriately balanced and developed through high quality training.

The Trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

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**Castle School Education Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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**The Castle School**, which was the founding CSET school in March 2013, is the second largest school in South Gloucestershire, and had 1606 students on roll in 2018-19. The school remains popular with parents, attracting a significant number of families from outside the school's catchment area. Overall, the progress of students at the end of Year 11 was in line with the national average (Progress 8 Score -0.10). 40% of students achieved grade 5 or above in GCSE English and Maths. Progress for A-level students was above the national average. The Castle School was judged "Good" by Ofsted in January 2016. A new Headteacher was appointed in September 2019.

**Charfield Primary School** joined CSET as a sponsored academy in September 2013. The school improved from "Special Measures" to "Outstanding" in its first academy inspection in July 2015. The school continues to perform well, with attainment in the new Key Stage 2 tests above national average in all areas, and progress in line with national averages. Outcomes in national assessments at the end of Reception, Year 1 and Year 2 also remain strong. Numbers at Charfield remain stable with 198 students on roll in 2018-19.

**Severn Beach Primary School** joined CSET as a sponsored academy in September 2014. A new Headteacher was appointed in September 2018. The school has benefitted from closer links with other local schools in the trust, and in 2019 was judged "Good" for the first time in the history of the school. The school has grown in popularity since joining the trust with 117 on roll in 2018-19. Pupil progress has improved significantly over the last three years and is now in line with national averages.

**Marlwood School** joined CSET as a sponsored academy in November 2014. From 2014, overall numbers have declined significantly with 452 students on roll in 2018-19, causing further budgetary and curriculum pressures. Overall, the progress of students at the end of Year 11 was below the national average (Progress 8 Score -0.4). 35% of students achieved grade 5 or above in GCSE English and Maths. Marlwood School was placed in Special Measures by Ofsted in May 2017. A new Headteacher was appointed in September 2018. The school has subsequently achieved positive monitoring reports from Ofsted in November 2018 and March 2019. Although the results are not yet available, Marlwood School was subject to an Ofsted inspection on 11-12 December 2019.

**Lyde Green Primary School** opened in September 2015 in temporary accommodation at Downend School, and moved to a purpose built building in Lyde Green in September 2016. The school had 181 students in Years Reception, 1, 2 and 3 in 2018, with pupil numbers exceeding original projections. Attainment and progress are above the national average. Lyde Green Primary School was judged "Good" in all categories at its first inspection in July 2018.

**Mangotsfield School** joined CSET in September 2015 as a sponsored academy, and had 1,094 students on roll in 2018. Significant changes have been made to the ethos and curriculum provision of the school. Overall, the progress of students at the end of Year 11 was below the national average (Progress 8 Score -0.4). 27% of students achieved grade 5 or above in GCSE English and Maths. Mangotsfield School was judged "Requires Improvement" by Ofsted in March 2018.

**Downend School** joined CSET in May 2016 and had 1,231 students on roll across all year groups. Overall, the progress of students at the end of Year 11 was in line with the national average (Progress 8 Score -0.2). 42% of students achieved grade 5 or above in GCSE English and Maths. Progress for A-level students was in line with the national average. Downend School was judged "Good" by Ofsted in January 2019.

#### **Key Performance Indicators**

No key financial performance indicators have been set by the Trustees, beyond the requirement that the financial position should remain sufficient to fund future needs and resources are used effectively. The principal performance measures are non-financial; these are largely educational and pastoral and are highlighted for each school, above.

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**Castle School Education Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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**Going Concern**

Building on the strategic planning and outcomes for the previous year and continuing to reduce costs by focusing on core activity and eliminating duplication, has enabled some achievement in cost reduction without detriment to the quality of educational provision.

Therefore, after making appropriate enquiries and reviewing forecast income and expenditure and cashflows, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. For this reason, the Board of Trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

**Financial Review**

We receive our income from a number of different sources. The majority of our income comes from central government via the Education & Skills Funding Agency who provide us with grant, based largely on our student numbers to cover our staffing and other general running costs (General Annual Grant - GAG). The ESFA may provide us with additional grants which are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/ESFA grants. Where we receive grant or other funding from the Local Authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as other government grants. Such income is collectively referred to as "Restricted Funds". Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the Trustees.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of Trustees ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly, we cannot spend this value. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS by paying over pension contributions due as calculated by the scheme's actuaries.

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Trustees' Report (continued)  
For the Year Ended 31 August 2019

| Fund                                      | Category                    | 2019<br>£'000        | 2018<br>£'000        |
|---|-----------------------------|----------------------|----------------------|
| GAG                                       | Restricted General Funds    | 109                  | nil                  |
| Other Income                              | Restricted General Funds    | 84                   | 87                   |
| <b>Sub-total General Restricted Funds</b> |                             | <b>193</b>           | <b>87</b>            |
| Unspent Capital Grants                    | Restricted Fixed Asset Fund | 2,647                | 1,977                |
| Designated funds                          | Unrestricted General Fund   | 247                  | 432                  |
| Other Income                              | Unrestricted General Fund   | 877                  | 457                  |
| <b>Sub-Total Spendable Funds</b>          |                             | <b>3,771</b>         | <b>2,866</b>         |
| Net Book Value of Fixed Assets            | Restricted Fixed Asset Fund | 63,387               | 65,758               |
| Share of LGPS Deficit                     | Restricted Pension Reserve  | (13,536)             | (8,022)              |
| <b>Total All Funds</b>                    |                             | <b><u>53,815</u></b> | <b><u>60,689</u></b> |

During the year under review, there was a deficit of £746,000 (2018: £1,020,000) on general restricted funds, a deficit of £62,000 (2018: £91,000) on unrestricted funds (excluding pension reserve) and, after LGPS valuation adjustments, depreciation and capital income and expenditure, an overall deficit of £6,874,000 (2018: £8,238,000).

The Trust's net current assets balance and the cash position remains strong, with a total of £3,994,000 (2018: £4,231,000) in hand and at bank or on short term deposit.

The Trust's reserves are considered below, under Reserves policy.

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**Castle School Education Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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### **Reserves Policy**

The Trustees review the reserve levels of the Trust at least 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, in following ESFA guidance have agreed that a fixed asset fund should be maintained, the value of which should include the net book value of fixed assets. The balance of this fund therefore represents monies that have already been invested in fixed assets (net of depreciation charged thereon) and hence this is not a fund that is available for future spending.

A capital fund is maintained, also within the fixed asset fund, representing unspent capital grants received from the ESFA. This is available for future spending but in accordance with the conditions of grant, it must be used for capital expenditure. It is not therefore available to support or to fund future running costs (revenue expenditure).

A general restricted fund is maintained representing grant funding received mainly from the ESFA to fund the operating activities of the Trust. An unrestricted general fund is maintained, representing funds raised or generated by the Trust, to which no restrictions apply, beyond the general requirement that they be applied to the company's educational and charitable objectives.

The company maintains one further fund, the Local Government Pension Scheme (LGPS) fund. This represents the company's share of the pension fund surplus or deficit, calculated in accordance with the requirements of Financial Reporting Standard (FRS) 102. Further details of the calculations and assumptions underlying the balance on this fund are set out in the relevant note to the financial statements.

The Trustees are mindful of the challenges associated with funding. Nationally, there remains uncertainty about the impact of changes to the funding formulae that drive our grant income. These factors, together with increased costs arising from National Insurance and pension reforms have prompted a prudent approach to financial management.

It is the intention of the Trust to carry forward a prudent level of free reserves. Free reserves, being unrestricted funds not already designated or applied for capital purposes, were £877,000 (2018: £457,000) at 31 August 2019. There are £109,000 (2018: £nil) restricted reserves available for the general purposes of the Academy Trust at 31 August 2019. The current level of free reserves is considered sufficient to provide working capital to cover delays between spending and the receipt of grants and to provide a cushion to deal with unexpected emergencies.

The Trustees have set aside £247,000 (2018: £432,000) of unrestricted funds into a designated reserve for the future repair and maintenance of the astro-turf pitches at The Castle School, Mangotsfield School and Downend School. This reduced on the previous year due to the contribution to the Downend 3G pitch as part of the Football Association bid. The refurbishment of the pitches at The Castle School and Mangotsfield School and the utilisation of this reserve are likely to occur over the next two years.

Restricted fixed asset funds of £65,921,000 (2018: £67,325,000) and £113,000 (2018: £410,000) of unrestricted reserves can only be realised by disposing of tangible fixed assets.

The pension reserve is £13,536,000 (2018: £8,022,000) in deficit. This relates to the Trust's share of the Local Government Pension Scheme deficit. Cash contributions to the scheme will be met from future income.

The trustees continue to monitor the level of reserves available to mitigate the identified risks. 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 provides the necessary latitude to undertake its plans to derive the financial and educational benefits of increased collaboration without compromising its objectives.

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**Castle School Education Trust**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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**Investment Policy**

The Trust's Articles of Association permit the trustees to invest any funds not immediately required.

The Trust recognises the need to obtain best value from all of the assets that it holds, including any cash balances that it may periodically hold.

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. The day to day management of the treasury function is controlled by the Chief Financial Officer (Head of Finance/ Director of Finance and Operations).

**Principal Risks and Uncertainties**

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the teaching, provision of facilities and other operational areas of the Trust, and its finances. Where significant financial risk still remain, they have ensured that where applicable, they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

The Trustees have assessed the major risks to which the Trust is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

The Trustees have:

- set policies on internal controls which cover the following:
  - the type of risks the Trust faces;
  - the level of risks which they regard as acceptable;
  - the likelihood of the risks materialising;
  - the Trust's ability to reduce the incidence and impact on the Trust's operations of risks that do materialise;
  - the costs of operating particular controls relative to the benefits obtained;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- developed systems to respond quickly to evolving risks arising from factors within the Trust and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the Trustees together with details of corrective action being undertaken.

The price, credit, liquidity and cash flow risks associated with the Trust's financial instruments are not considered material to the assessment of its assets, liabilities, financial position or result for the year.

**Financial and risk management objectives and policies**

The Trustees take into account the sum carried forward for the year and the likelihood that central government financial support will reduce. Trustees will keep the position under constant review to ensure that they have sufficient income to run the Trust on an efficient basis without affecting the quality of teaching and learning.

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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**Our Fundraising Practices**

CSET does not undertake any formal fundraising activity, either directly or through professional fundraisers. Consequently, the Trust has not voluntarily subscribed to any fundraising standards or regulation. Volunteers from parent teacher associations or friends' groups do raise funds on behalf of Trust schools with support from staff, but this valuable work is not directed or monitored by the Trust.

The Trust has not received any complaints in relation to fundraising activities and the trustees are not aware of any incidents of unreasonably intrusive or persistent fundraising approaches or undue pressure to donate.

**Plans for future periods**

The Trust will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students gain employment, or progress to undertake specific training or further education once they leave. The Trust will also work to further increase recruitment into the Sixth Form and remains open to providing additional 'bulge' classes in conjunction with South Gloucestershire Council to support the demand for places at schools within the Trust, together with accepting appropriate transfers from other schools where possible.

The Trust will develop its use of the facilities at both The Castle School and Marlwood sites to ensure that their potential is maximised for all students. This is dependent on the South Gloucestershire Council feasibility study (due early 2020) and ESFA input.

**Funds Held as Custodian Trustee on Behalf of Others**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA to students. Payments received and subsequent disbursements are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. At the year end, £24,000 (2018: £17,000) of these funds was held on behalf of students.

**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.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 16 December 2019 and signed on its behalf by:



**Susannah Hill**  
Chair of Board of Trustees

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Governance Statement**

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**Scope of responsibility**

As trustees we acknowledge we have overall responsibility for ensuring that Castle School Education 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 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 in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 8 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 |
|------------------------------|-------------------|-------------------|
| Susannah Hill, Chair         | 4                 | 5                 |
| Simon MacSorley, Vice Chair  | 6                 | 6                 |
| Rhona Allgood                | 7                 | 8                 |
| Margaret Cook                | 0                 | 1                 |
| Ian Cooper                   | 2                 | 3                 |
| Mark Fuller                  | 3                 | 6                 |
| Stuart Hill                  | 4                 | 4                 |
| Andrew Levitt                | 4                 | 6                 |
| Colin McDougall              | 4                 | 6                 |
| Clive Parkinson              | 2                 | 3                 |
| Penelope Robinson            | 6                 | 7                 |
| Christopher White-Horne      | 3                 | 8                 |
| Paul Harrod                  | 8                 | 8                 |
| Rhiannon Clancy              | 8                 | 8                 |
| Jayne Prior                  | 2                 | 2                 |
| William Roberts, Ex- officio | 8                 | 8                 |

The Board has overseen actions to reduce expenditure across the schools, ensuring that the Trust's overall budget remains in balance for future years. The Board has reviewed its estates strategy in relation to Marlwood School and The Castle School, in conjunction with South Gloucestershire Council.

The Board has provided effective oversight of the work of the Trust's Executive Team. A review of the Executive Team structure has led to the appointment of a Director of Finance and Operations.

There have been a number of changes to the Board of Trustees. In the autumn of 2018, Trustees identified the need to refresh the membership of the Board with a number of original Trustees wishing to retire. Members and Trustees identified the need to bring additional skills and experience to the Board as part of this refresh. Following a rigorous recruitment process, five new Trustees have been appointed. All of these appointments have been made from outside our existing governance structure. The Board has elected a new Chair and Vice-Chair from amongst the new Trustees. The Trustees have commissioned an external review of the Trust which will conclude in 2020.

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Governance Statement (continued)**

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The Board has two Committees which meet termly:

- Governance and Standards
- Finance and Resources incorporating Audit and Risk

However, in order to strengthen the effective working of the Trust, the Board voted to reconstitute a new Audit and Risk Committee and appointed the new Chair for that Committee in July 2019.

Trustees have reviewed the links between the Board and the Local Governance Committees and so revised the Committee Structure with the introduction of the Governance and Standards Committee from January 2019 to ensure that CSET schools are providing a high quality education delivering the best possible outcomes for students, within the context of the Trust's vision and values. The Committee is to ensure that governance within the Trust is of the highest standard and that all schools within the Trust are effectively supported and held to account. The Committee supports the Board by providing rigorous scrutiny of the performance of all the schools.

All Trustees completed skills audits and had one to one meetings with the Chair in order to continue to develop the effectiveness of the Board. This was in preparation for the next stage of the Trust's strategic planning to take place at the start of the next academic year.

#### **Review of value for money**

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by ensuring that we continue to have a robust procurement policy which has several objectives including:

- Value for Money
- Financial Management
- Measuring Performance
- Monitoring and Evaluation

When judging value for money we consider three elements:

- Economy
- Effectiveness
- Efficiency

At the time of defining a service or product we set a required performance measure. This system is ideal when agreeing service contracts with outside companies, as both parties can then determine what is expected of them. By measuring performance the Trust can determine if the requirements were met and value for money achieved.

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Governance Statement (continued)**

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**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Castle School Education Trust for the year ended 31 August 2019 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 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 an appropriate method of managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2019 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 trustees of Castle School Education Trust exercise a level of control through the Finance & Resources Committee, which is responsible for ensuring the adequacy of financial controls and risk management within all schools. 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;
- reviews by the Finance and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- 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 appointed South Gloucestershire Council as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a regular basis, the internal auditor reports to the Board of Trustees, through the Finance & Resources Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The internal auditor delivered their schedule of work for the year as planned. No material control issues arose as a result of the internal auditor's work.

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Governance Statement (continued)**

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**The risk and control framework (continued)**

The Finance and Resources Committee also undertake the audit and risk function and as such the Chair of the Finance and Risk Committee reports to the Board of Trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Trustees. In the 2019-20 academic year, a separate Audit and Risk Committee will be established.

The Chair of Finances and Resources is supported in this role by the auditors who conduct a programme of supplementary work. There were two visits during the year following which reports were provided to Trustees.

Checks carried out included:

- Testing of pay controls and compliance: controls around the workforce, vacancy approval, checks and controls over the payroll
- Testing of Income: focus is on policies, controls on collection of income

The Board of Trustees are satisfied that the Audit compliance function has been fully delivered in line with the ESFA requirements. No material control issues have been notified to Trustees as a result of the compliance work.

**Review of effectiveness**

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

- the work of the internal auditor;
- the work of the external auditors;
- the work of the Head of Finance / Director of Finance and Operations with responsibility for the development and maintenance of the internal control framework.

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 there are future plans to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 16 December 2019 and signed on their behalf by:



**Susannah Hill**  
Chair of Board of Trustees

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Statement on Regularity, Propriety and Compliance**

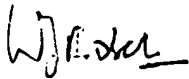
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As accounting officer of Castle School Education Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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

- Although members of the Finance and Resources Committee met with the Head of Finance monthly, the trust has not prepared management accounts every month to monitor variances to budget and manage cash, debtor and creditors, as required by section 2.3.3 of the Academies Financial Handbook 2018.
- For one competitive tendering process conducted, the trust did not advertise the opportunity in the Official Journal of the European Union (OJEU), as required by section 2.4.1 of the Academies Financial Handbook 2018, despite the contract value exceeding OJEU procurement thresholds.



**William Roberts**  
Accounting Officer  
Date: 16 December 2019

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Statement of Trustees' responsibilities**  
**For the Year Ended 31 August 2019**

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The Trustees (who 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 Academies Accounts Direction published by the Education & Skills 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 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 ESFA/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 16 December 2019 and signed on its behalf by:



**Susannah Hill**  
Chair of Board of Trustees

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Independent Auditors' Report on the financial statements to the of Castle School Education Trust**

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**Opinion**

We have audited the financial statements of Castle School Education Trust ("the Academy") for the year ended 31 August 2019 which comprise the statement of financial activities (incorporating income and expenditure account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency (ESFA).

In our opinion, the financial statements

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance the Academies Accounts Direction 2018 to 2019.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Independent Auditors' Report on the financial statements to the of Castle School Education Trust**  
**(continued)**

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**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

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

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

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Independent Auditors' Report on the financial statements to the of Castle School Education Trust**  
**(continued)**

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**Responsibilities of directors**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and the Academy's members as a body, for our audit work, for this report, or for the opinions we have formed.

*BDO LLP*

**Heather Wheelhouse** (Senior Statutory Auditor)

For and on behalf of BDO LLP

Bristol

United Kingdom

19 December 2019

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

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Independent Reporting Accountant's Assurance Report on Regularity to Castle School Education Trust  
and the Education & Skills Funding Agency**

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In accordance with the terms of our engagement letter dated 4 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 year 1 September 2018 to 31 August 2019 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Castle School Education Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Castle School Education Trust and ESFA, 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 accountant**

The accounting officer is responsible, under the requirements of Castle School Education Trust's funding agreement with the Secretary of State for Education dated 15 January 2013 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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

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**Conclusion**

In the course of our work, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- The trust has not prepared management accounts every month to monitor variances to budget and manage cash, debtor and creditors, as required by section 2.3.3 of the Academies Financial Handbook 2018.
- The trust has not observed Official Journal of the European Union (OJEU) procurement thresholds when applying its competitive tendering policy, as required by section 2.4.1 of the Academies Financial Handbook 2018.

*BDO LLP*

**Reporting Accountant**

**BDO LLP**  
Bridgewater House  
Counterslip  
Bristol  
BS1 6BX

Date: 19 December 2019

**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

**Statement of financial activities (incorporating income and expenditure account)**  
**For the Year Ended 31 August 2019**

|   |             | <b>Unrestricted<br/>funds<br/>2019<br/>£000</b> | <b>Restricted<br/>funds<br/>2019<br/>£000</b> | <b>Restricted<br/>fixed asset<br/>funds<br/>2019<br/>£000</b> | <b>Total<br/>funds<br/>2019<br/>£000</b> | <b>Total<br/>funds<br/>2018<br/>£000</b> |
|---|-------------|---|---|---|--|--|
|   | <b>Note</b> |   |   |   |  |  |
| <b>Income from:</b>   |             |   |   |   |  |  |
| Donations and capital grants  | 3           | 30  | 51  | 1,589   | 1,670                                    | 1,398                                    |
| Charitable activities   | 4           | -   | 24,777  | -   | 24,777                                   | 24,783                                   |
| Other trading activities  | 5           | 149   | -   | -   | 149                                      | 142                                      |
| Investments   | 6           | 12  | -   | -   | 12                                       | 7  |
| Other income  | 7           | 136   | 853   | -   | 989                                      | 817                                      |
| <b>Total income</b>   |             | <b>327</b>                                      | <b>25,681</b>                                 | <b>1,589</b>  | <b>27,597</b>                            | <b>27,147</b>                            |
| <b>Expenditure on:</b>  |             |   |   |   |  |  |
| Raising funds   |             | 23  | -   | -   | 23                                       | 33                                       |
| Charitable activities   |             | 366   | 26,427  | 2,993   | 29,786                                   | 37,565                                   |
| <b>Total expenditure</b>  | 8           | <b>389</b>                                      | <b>26,427</b>                                 | <b>2,993</b>  | <b>29,809</b>                            | <b>37,598</b>                            |
| <b>Net expenditure</b>  |             | <b>(62)</b>                                     | <b>(746)</b>                                  | <b>(1,404)</b>  | <b>(2,212)</b>                           | <b>(10,451)</b>                          |
| <b>Total transfers</b>  |             | <b>-</b>  | <b>-</b>                                      | <b>-</b>  | <b>-</b>                                 | <b>-</b>                                 |
| <b>Net movement in funds before other recognised gains/(losses)</b> |             | <b>(62)</b>                                     | <b>(746)</b>                                  | <b>(1,404)</b>  | <b>(2,212)</b>                           | <b>(10,451)</b>                          |
| <b>Other recognised gains/(losses):</b>                             |             |   |   |   |  |  |
| Actuarial (losses)/gains on defined benefit pension schemes         | 27          | -   | (4,662)                                       | -   | (4,662)                                  | 2,213                                    |
| <b>Net movement in funds</b>  |             | <b>(62)</b>                                     | <b>(5,408)</b>                                | <b>(1,404)</b>  | <b>(6,874)</b>                           | <b>(8,238)</b>                           |

**Castle School Education Trust**  
(A Company Limited by Guarantee)

**Statement of financial activities (incorporating income and expenditure account) (continued)**  
**For the Year Ended 31 August 2019**

|                                    |             | <b>Unrestricted<br/>funds<br/>2019<br/>£000</b> | <b>Restricted<br/>funds<br/>2019<br/>£000</b> | <b>Restricted<br/>fixed asset<br/>funds<br/>2019<br/>£000</b> | <b>Total<br/>funds<br/>2019<br/>£000</b> | <b>Total<br/>funds<br/>2018<br/>£000</b> |
|------------------------------------|-------------|---|---|---|--|--|
|                                    | <b>Note</b> |   |   |   |  |  |
| <b>Reconciliation of funds:</b>    |             |   |   |   |  |  |
| Total funds brought forward        | 20          | <b>1,299</b>                                    | <b>(7,935)</b>                                | <b>67,325</b>   | <b>60,689</b>                            | 68,927                                   |
| Net movement in funds              | 20          | <b>(62)</b>                                     | <b>(5,408)</b>                                | <b>(1,404)</b>  | <b>(6,874)</b>                           | (8,238)                                  |
| <b>Total funds carried forward</b> | 20          | <b>1,237</b>                                    | <b>(13,343)</b>                               | <b>65,921</b>   | <b>53,815</b>                            | 60,689                                   |

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

The notes on pages 30 to 63 form part of these financial statements.

**Castle School Education Trust**  
**(A Company Limited by Guarantee)**  
**Registered number: 08397975**

**Balance Sheet**  
**As at 31 August 2019**

|  | Note | 2019<br>£000 | 2019<br>£000         | 2018<br>£000 | 2018<br>£000         |
|--|------|--------------|----------------------|--------------|----------------------|
| <b>Fixed assets</b>                            |      |              |                      |              |                      |
| Tangible assets                                | 15   |              | 63,387               |              | 65,758               |
|  |      |              | <u>63,387</u>        |              | <u>65,758</u>        |
| <b>Current assets</b>                          |      |              |                      |              |                      |
| Debtors  | 16   | 2,538        |                      | 934          |                      |
| Investments                                    | 17   | 1,633        |                      | 872          |                      |
| Cash at bank and in hand                       | 24   | 2,362        |                      | 3,359        |                      |
|  |      | <u>6,533</u> |                      | <u>5,165</u> |                      |
| Creditors: amounts falling due within one year | 18   | (2,569)      |                      | (2,212)      |                      |
| <b>Net current assets</b>                      |      |              | <u>3,964</u>         |              | <u>2,953</u>         |
| <b>Total assets less current liabilities</b>   |      |              | <u>67,351</u>        |              | <u>68,711</u>        |
| <b>Net assets excluding pension liability</b>  |      |              | <u>67,351</u>        |              | <u>68,711</u>        |
| Defined benefit pension scheme liability       | 27   |              | (13,536)             |              | (8,022)              |
| <b>Total net assets</b>                        |      |              | <u><u>53,815</u></u> |              | <u><u>60,689</u></u> |

**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

**Balance Sheet (continued)**  
**As at 31 August 2019**

|  | Note | 2019<br>£000  | 2019<br>£000         | 2018<br>£000  | 2018<br>£000         |
|--|------|---------------|----------------------|---------------|----------------------|
| <b>Funds of the Academy Trust</b>        |      |               |                      |               |                      |
| <b>Restricted funds:</b>                 |      |               |                      |               |                      |
| Fixed asset funds                        | 20   | 65,921        |                      | 67,325        |                      |
| Restricted income funds                  | 20   | 193           |                      | 87            |                      |
|  |      | <u>66,114</u> |                      | <u>67,412</u> |                      |
| Restricted funds excluding pension asset | 20   | 66,114        |                      | 67,412        |                      |
| Pension reserve                          | 20   | (13,536)      |                      | (8,022)       |                      |
| <b>Total restricted funds</b>            | 20   |               | <b>52,578</b>        |               | <b>59,390</b>        |
| <b>Unrestricted income funds</b>         |      |               |                      |               |                      |
| General funds                            | 20   | 1,237         |                      | 1,299         |                      |
| <b>Total unrestricted income funds</b>   | 20   |               | <b>1,237</b>         |               | <b>1,299</b>         |
| <b>Total funds</b>                       |      |               | <b><u>53,815</u></b> |               | <b><u>60,689</u></b> |

The financial statements on pages 25 to 62 were approved by the Trustees, and authorised for issue on 16 December 2019 and are signed on their behalf, by:



**Susannah Hill**  
Chair of the Board of Trustees

The notes on pages 30 to 62 form part of these financial statements.

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Statement of Cash Flows**  
**For the Year Ended 31 August 2019**

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|   | <b>Note</b> | <b>2019<br/>£000</b> | <b>2018<br/>£000</b> |
|---|-------------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>             |             |                      |                      |
| Net cash provided by/(used in) operating activities     | 22          | 425                  | (9)                  |
| <b>Cash flows from investing activities</b>             | 23          | (661)                | 728                  |
| <b>Change in cash and cash equivalents in the year</b>  |             | <u>(236)</u>         | <u>719</u>           |
| Cash and cash equivalents at the beginning of the year  |             | 4,231                | 3,512                |
| <b>Cash and cash equivalents at the end of the year</b> | 24          | <u><u>3,995</u></u>  | <u><u>4,231</u></u>  |

The notes on pages 30 to 63 form part of these financial statements

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**1. Accounting policies**

Castle School Education Trust (CSET) is a private company limited by guarantee, incorporated in England and Wales under the Companies Act. The registered office address is given on the reference and administration details page and the nature of the Academy Trust's operations and principal activities are set out in the Trustees' Report.

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

**1.1 Basis of preparation of financial statements**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

These financial statements are for Castle School Education Trust as a separate entity. The Academy Trust has taken advantage of the exemption under s405 of the Companies Act 2006 not to prepare group accounts as its subsidiary, Premium Partners Limited, is not material for the purposes of giving a true and fair view.

**1.2 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 Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

In reaching this conclusion, the Trustees have reviewed forecast income and expenditure cashflows, and considered how the pressure on staffing and expenditure can be managed in the light of anticipated funding. The Academy Trust is reliant on continued funding from the Department of Education, including funding for pay awards and pension contribution agreements that may be outside the Trustees' control. In particular, GAG funding is only committed annually based on pupil census numbers each November. Nonetheless, the Trustees have a reasonable expectation that adequate funding will continue to be received. The Academy Trust also has a large pension deficit, but the Trustees have no reason to believe that annual contribution commitments will not be met.

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**1. Accounting policies (continued)**

**1.3 Income**

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

- **Grants**

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

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

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

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

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

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**1. Accounting policies (continued)**

**1.4 Expenditure**

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets**

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset, less their estimated residual value, on a straight-line basis over its expected useful life.

The Trust separately identifies the major components of its schools buildings and charges depreciation so as to write-down the cost of each component to its estimated residual value, over its expected useful life.

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**1. Accounting policies (continued)**

**1.5 Tangible fixed assets (continued)**

The useful lives are as follows:

|   |                 |
|---|-----------------|
| Leasehold land                              | - 125 years     |
| Leasehold buildings & building improvements | - 50 years      |
| Building components:                        |                 |
| Bathrooms                                   | - 10 - 50 years |
| Kitchens                                    | - 10 - 50 years |
| Lifts                                       | - 40 - 50 years |
| Windows                                     | - 5 - 20 years  |
| Doors                                       | - 10 years      |
| Equipment (inc sports equipment)            | - 5 years       |
| Computer equipment and software             | - 3 - 5 years   |
| Motor vehicles/minibuses                    | - 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 and reclassified to freehold or leasehold land and buildings.

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.

**1.6 Investments**

Investments in subsidiaries are valued at cost less provision for impairment.

**1.7 Debtors**

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

**1.8 Cash at bank and in hand**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice or not more than 24 hours. Cash equivalents are short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.9 Liabilities**

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

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**1. Accounting policies (continued)**

**1.10 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

**1.11 Operating leases**

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

**1.12 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 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 quadrennial valuations using a prospective unit credit method. As stated in note 27, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**1. Accounting policies (continued)**

**1.13 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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

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**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**2. Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Changes in assumptions regarding useful lives or residual values would impact depreciation charges recognised and the carrying value of fixed assets.

Critical areas of judgement:

- Determine whether items of expenditure incurred should be classed as direct or support costs.
- Determine whether there are indicators of impairment of the Academy Trust's tangible fixed assets. factors taken into consideration in reaching such a decision include the economic viability and expected future demand financial performance of the asset. Where an asset is held for its service potential, decreases in demand or other changes that impact on the number, nature of the needs of the Trust's beneficiaries are also relevant.

**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**3. Income from donations and capital grants**

|                   | Unrestricted<br>funds<br>2019<br>£000 | Restricted<br>funds<br>2019<br>£000 | Restricted<br>fixed asset<br>funds<br>2019<br>£000 | Total<br>funds<br>2019<br>£000 |
|-------------------|---------------------------------------|-------------------------------------|--|--------------------------------|
| Donations         | 30                                    | 51                                  | -  | 81                             |
| Capital Grants    | -                                     | -                                   | 1,589  | 1,589                          |
| <b>Total 2019</b> | <b>30</b>                             | <b>51</b>                           | <b>1,589</b>                                       | <b>1,670</b>                   |

|                   | Restricted<br>funds<br>2018<br>£000 | Restricted<br>fixed asset<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 |
|-------------------|-------------------------------------|--|--------------------------------|
| Donations         | 29                                  | -  | 29                             |
| Capital Grants    | -                                   | 1,369  | 1,369                          |
| <b>Total 2018</b> | <b>29</b>                           | <b>1,369</b>                                       | <b>1,398</b>                   |

Castle School Education Trust  
(A Company Limited by Guarantee)

Notes to the Financial Statements  
For the Year Ended 31 August 2019

**4. Funding for Academy Trust's educational operations**

|                                | Restricted<br>funds<br>2019<br>£000 | Total<br>funds<br>2019<br>£000 |
|--------------------------------|-------------------------------------|--------------------------------|
| <b>DfE/ESFA grants</b>         |                                     |                                |
| General Annual Grant (GAG)     | 22,240                              | 22,240                         |
| Pupil premium                  | 745                                 | 745                            |
| Other DfE/ESFA grants          | 622                                 | 622                            |
|                                | <u>23,607</u>                       | <u>23,607</u>                  |
| <b>Other government grants</b> |                                     |                                |
| Local authority grants         | 1,170                               | 1,170                          |
|                                | <u>1,170</u>                        | <u>1,170</u>                   |
| <b>Other funding</b>           |                                     |                                |
| Other income                   | -                                   | -                              |
|                                | <u>-</u>                            | <u>-</u>                       |
| <b>2019</b>                    | <u><b>24,777</b></u>                | <u><b>24,777</b></u>           |

**Castle School Education Trust**  
(A Company Limited by Guarantee)

**Notes to the Financial Statements**  
For the Year Ended 31 August 2019

**4. Funding for Academy Trust's educational operations (continued)**

|                                | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 |
|--------------------------------|---------------------------------------|-------------------------------------|--------------------------------|
| <b>DfE/ESFA grants</b>         |                                       |                                     |                                |
| General Annual Grant (GAG)     | -                                     | 22,320                              | 22,320                         |
| Pupil premium                  | -                                     | 858                                 | 858                            |
| Other DfE/ESFA grants          | -                                     | 591                                 | 591                            |
|                                | -                                     | 23,769                              | 23,769                         |
| <b>Other government grants</b> |                                       |                                     |                                |
| Local authority grants         | 50                                    | 964                                 | 1,014                          |
|                                | 50                                    | 964                                 | 1,014                          |
| <b>Other funding</b>           |                                       |                                     |                                |
| Other income                   | -                                     | -                                   | -                              |
|                                | -                                     | -                                   | -                              |
| <b>2018</b>                    | <b>50</b>                             | <b>24,733</b>                       | <b>24,783</b>                  |

**5. Other trading activities**

|                    | Unrestricted<br>funds<br>2019<br>£000 | Total<br>funds<br>2019<br>£000 | Total<br>funds<br>2018<br>£000 |
|--------------------|---------------------------------------|--------------------------------|--------------------------------|
| Hire of facilities | 149                                   | 149                            | 142                            |

Income from other trading activities was unrestricted for the current and prior year.

**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**6. Investment income**

|               | Unrestricted<br>funds<br>2019<br>£000 | Total<br>funds<br>2019<br>£000 | Total<br>funds<br>2018<br>£000 |
|---------------|---------------------------------------|--------------------------------|--------------------------------|
| Bank interest | 12                                    | 12                             | 7                              |

Income from investments was unrestricted for the current and prior year.

**7. Other incoming resources**

|                       | Unrestricted<br>funds<br>2019<br>£000 | Restricted<br>funds<br>2019<br>£000 | Total<br>funds<br>2019<br>£000 |
|-----------------------|---------------------------------------|-------------------------------------|--------------------------------|
| Contribution to trips | -                                     | 608                                 | 608                            |
| Consultancy           | 4                                     | 18                                  | 22                             |
| Other income          | 132                                   | 227                                 | 359                            |
| <b>Total 2019</b>     | <b>136</b>                            | <b>853</b>                          | <b>989</b>                     |

|                        | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 |
|------------------------|---------------------------------------|-------------------------------------|--------------------------------|
| Contributions to trips | -                                     | 476                                 | 476                            |
| Consultancy            | 129                                   | -                                   | 129                            |
| Other income           | 181                                   | 31                                  | 212                            |
| <b>Total 2018</b>      | <b>310</b>                            | <b>507</b>                          | <b>817</b>                     |

**Castle School Education Trust**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**8. Expenditure**

|  | <b>Staff Costs</b> | <b>Premises</b> | <b>Other</b> | <b>Total</b>  |
|--|--------------------|-----------------|--------------|---------------|
|  | <b>2019</b>        | <b>2019</b>     | <b>2019</b>  | <b>2019</b>   |
|  | <b>£000</b>        | <b>£000</b>     | <b>£000</b>  | <b>£000</b>   |
| <b>Expenditure on raising funds:</b>           |                    |                 |              |               |
| Costs of activities for generating funds       | 15                 | -               | 8            | 23            |
| <b>Academy Trust's educational operations:</b> |                    |                 |              |               |
| Direct costs                                   | 19,104             | 3,290           | 1,987        | 24,381        |
| Allocated support costs                        | 1,914              | 1,789           | 1,702        | 5,405         |
| <b>Total 2019</b>                              | <b>21,033</b>      | <b>5,079</b>    | <b>3,697</b> | <b>29,809</b> |

Expenditure on raising funds was £23,000 which was unrestricted.

Expenditure on charitable activities was £29,787,000 of which £366,000 was unrestricted, £26,427,000 was restricted and £2,993,000 restricted fixed assets.

|  | <b>Staff Costs</b> | <b>Premises</b> | <b>Other</b> | <b>Total</b>  |
|--|--------------------|-----------------|--------------|---------------|
|  | <b>2018</b>        | <b>2018</b>     | <b>2018</b>  | <b>2018</b>   |
|  | <b>£000</b>        | <b>£000</b>     | <b>£000</b>  | <b>£000</b>   |
| <b>Academy Trust's educational operations:</b> |                    |                 |              |               |
| Direct costs                                   | 17,847             | 10,994          | 2,242        | 31,083        |
| Allocated support costs                        | 3,195              | 1,496           | 1,791        | 6,482         |
| <b>Total 2018</b>                              | <b>21,042</b>      | <b>12,490</b>   | <b>4,033</b> | <b>37,565</b> |

Expenditure on raising funds was £33,000, £15,000 of staff costs and £18,000 of other costs, which was all unrestricted.

Expenditure on charitable activities was £37,565,000 of which £598,000 was unrestricted, £26,258,000 was restricted and £10,709,000 restricted fixed assets.

Castle School Education Trust  
(A Company Limited by Guarantee)

Notes to the Financial Statements  
For the Year Ended 31 August 2019

9. Analysis of expenditure by activities

|                        | Activities<br>undertaken<br>directly<br>2019<br>£000 | Support<br>costs<br>2019<br>£000 | Total<br>funds<br>2019<br>£000 |
|------------------------|--|----------------------------------|--------------------------------|
| Educational operations | 24,381   | 5,405                            | 29,786                         |

|                        | Activities<br>undertaken<br>directly<br>2018<br>£000 | Support<br>costs<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 |
|------------------------|--|----------------------------------|--------------------------------|
| Educational operations | 31,083   | 6,482                            | 37,565                         |

Analysis of support costs

|                                       | Total<br>funds<br>2019<br>£000 | Total<br>funds<br>2018<br>£000 |
|---------------------------------------|--------------------------------|--------------------------------|
| Staff costs                           | 1,914                          | 3,195                          |
| Catering                              | 226                            | 263                            |
| Cleaning                              | 601                            | 55                             |
| Energy costs                          | 524                            | 499                            |
| Security and transport                | 92                             | 112                            |
| Insurance                             | 126                            | 160                            |
| Rent and rates                        | 153                            | 150                            |
| Maintenance of premises and equipment | 511                            | 792                            |
| Technology costs                      | 351                            | 311                            |
| Recruitment and support               | 19                             | 5                              |
| Bank interest and charges             | 3                              | 6                              |
| Other support costs                   | 845                            | 892                            |
| Governance costs                      | 40                             | 42                             |
| <b>Total 2019</b>                     | <b>5,405</b>                   | <b>6,482</b>                   |

**Castle School Education Trust**  
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**10. Net expenditure**

Net expenditure for the year includes:

|                                       | 2019<br>£000      | 2018<br>£000      |
|---------------------------------------|-------------------|-------------------|
| Operating lease rentals               | 40                | 101               |
| Depreciation of tangible fixed assets | 3,122             | 3,207             |
| Impairment                            | -                 | 7,787             |
| Loss on disposal of fixed assets      | 168               | -                 |
| Fees paid to auditors for:            |                   |                   |
| - audit                               | 30                | 29                |
| - other services                      | 13                | 12                |
|                                       | <u>          </u> | <u>          </u> |

**11. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

|                           | 2019<br>£000  | 2018<br>£000  |
|---------------------------|---------------|---------------|
| Wages and salaries        | 15,525        | 15,509        |
| Social security costs     | 1,553         | 1,613         |
| Pension costs             | 3,454         | 3,260         |
|                           | <u>20,532</u> | <u>20,382</u> |
| Agency staff costs        | 486           | 469           |
| Staff restructuring costs | 15            | 206           |
|                           | <u>21,033</u> | <u>21,057</u> |

Staff restructuring costs comprise:

|                    | 2019<br>£000 | 2018<br>£000 |
|--------------------|--------------|--------------|
| Severance payments | 15           | 206          |
|                    | <u>15</u>    | <u>206</u>   |

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**Castle School Education Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**11. Staff costs (continued)**

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are ex-gratia severance payments totalling £15,000 (2018: £206,000). Individually, the payments were: £15,000 (2018: £44,000, £30,000, £20,000, £18,000, £15,000, £14,000, £12,000, £10,000, £10,000, £7,000, £7,000, £7,000, £6,000, £4,000 and £2,000). The legal authority sought to make these ex-gratia payments was in compliance with the Academies Financial Handbook 2018, being delegated authority or approval from the Education and Skills Funding Agency.

**c. Staff numbers**

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

|                             | <b>2019</b>       | <b>2018</b> |
|-----------------------------|-------------------|-------------|
|                             | <b>No.</b>        | <b>No.</b>  |
| Teachers                    | <b>351</b>        | 336         |
| Administrations and support | <b>344</b>        | 295         |
| Management                  | <b>31</b>         | 26          |
|                             | <u><b>726</b></u> | <u>657</u>  |

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

|                             | <b>2019</b>       | <b>2018</b> |
|-----------------------------|-------------------|-------------|
|                             | <b>No.</b>        | <b>No.</b>  |
| Teachers                    | <b>318</b>        | 333         |
| Administrations and support | <b>149</b>        | 141         |
| Management                  | <b>28</b>         | 28          |
|                             | <u><b>495</b></u> | <u>502</u>  |

**d. Higher paid staff**

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

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**Castle School Education Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**11. Staff costs (continued)**

**d. Higher paid staff (continued)**

|                                 | <b>2019</b> | <b>2018</b> |
|---------------------------------|-------------|-------------|
|                                 | <b>No.</b>  | <b>No.</b>  |
| In the band £60,001 - £70,000   | 2           | 3           |
| In the band £70,001 - £80,000   | 3           | -           |
| In the band £80,001 - £90,000   | 3           | 4           |
| In the band £90,001 - £100,000  | -           | 1           |
| In the band £110,001 - £120,000 | 1           | 1           |
|                                 | <u>1</u>    | <u>1</u>    |

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019 employer's pension contributions for these staff amounted to £102,000 (2018: £121,000).

**e. Key management personnel**

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £205,000 (2017: £221,000).

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**Castle School Education Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**12. Central services**

The Academy Trust has provided the following central services to its academies during the year:

- financial services; and
- management support services.

The Academy Trust charges for these services on the following basis:

The central trust charges for these services on the basis of estimated staff time spent dealing with the affairs of the academies.

The actual amounts charged during the year were as follows:

|                             | <b>2019</b>  | <b>2018</b> |
|-----------------------------|--------------|-------------|
|                             | <b>£000</b>  | <b>£000</b> |
| The Castle School           | <b>328</b>   | 327         |
| Charfield School            | <b>31</b>    | 30          |
| Downend School              | <b>236</b>   | 216         |
| Lyde Green                  | <b>145</b>   | 28          |
| Mangotsfield School         | <b>228</b>   | 240         |
| Marlwood School             | <b>106</b>   | 128         |
| Severn Beach Primary School | <b>24</b>    | 23          |
| <b>Total</b>                | <b>1,098</b> | 992         |

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**13. Trustees' remuneration and expenses**

In accordance with the Trust's memorandum and articles of association, one or more directors have been paid remuneration or has received other benefits from an employment with the Academy Trust. The chief executive and other staff directors only receive remuneration in respect of services they provide undertaking the roles of chief executive and staff members under their contracts of employment.

The value of Trustees' remuneration and other benefits was as follows:

|                                   |                            | <b>2019</b>      | <b>2018</b> |
|-----------------------------------|----------------------------|------------------|-------------|
|                                   |                            | <b>£000</b>      | <b>£000</b> |
| William Roberts (Chief Executive) | Remuneration               | <b>115 - 120</b> | 110 - 115   |
|                                   | Pension contributions paid | <b>15 - 20</b>   | 15 - 20     |

During the year ended 31 August 2019, expenses totalling £3,098 were reimbursed to 3 Trustees (2018 - £943 to 2 Trustees) in relation to travel and subsistence.

**14. Trustees' and Officers' insurance**

The Academy Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

**Castle School Education Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**15. Tangible fixed assets**

|                          | Leasehold<br>land and<br>buildings<br>£000 | Furniture<br>and<br>equipment<br>£000 | Computer<br>equipment<br>£000 | Motor<br>vehicles<br>£000 | Total<br>£000 |
|--------------------------|--|---------------------------------------|-------------------------------|---------------------------|---------------|
| <b>Cost or valuation</b> |  |                                       |                               |                           |               |
| At 1 September 2018      | 82,556                                     | 552                                   | 1,312                         | 23                        | 84,443        |
| Additions                | 667  | 53                                    | 199                           | -                         | 919           |
| Disposals                | (185)                                      | -                                     | -                             | -                         | (185)         |
| At 31 August 2019        | 83,038                                     | 605                                   | 1,511                         | 23                        | 85,177        |
| <b>Depreciation</b>      |  |                                       |                               |                           |               |
| At 1 September 2018      | 17,437                                     | 281                                   | 959                           | 8                         | 18,685        |
| Charge for the year      | 2,723                                      | 86                                    | 309                           | 4                         | 3,122         |
| On disposals             | (17)                                       | -                                     | -                             | -                         | (17)          |
| At 31 August 2019        | 20,143                                     | 367                                   | 1,268                         | 12                        | 21,790        |
| <b>Net book value</b>    |  |                                       |                               |                           |               |
| At 31 August 2019        | 62,895                                     | 238                                   | 243                           | 11                        | 63,387        |
| At 31 August 2018        | 65,119                                     | 271                                   | 353                           | 15                        | 65,758        |

All additions to land and buildings relate to improvements to existing assets.

Leasehold property is occupied under 125 leases with South Gloucestershire Council, with the exception of Lyde Green Primary School (net book value £7,311,000) which is occupied under a tenancy agreement while a 125 year lease is being finalised. The cost initially recognised is the fair value on transfer to the Trust, as advised to the Trustees by an independent professional valuation. Subsequent improvements to property are capitalised at cost incurred. Leasehold buildings are depreciated over the economic life as advised by an independent professional valuation and lease.

The value of land held by the Academy Trust, included in leasehold land and buildings was £19,726,000 (2018: £19,910,000).

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**16. Debtors**

|                                    | 2019<br>£000 | 2018<br>£000 |
|------------------------------------|--------------|--------------|
| <b>Due within one year</b>         |              |              |
| Trade debtors                      | 42           | 54           |
| Amounts owed by group undertakings | 207          | 95           |
| Other debtors                      | 107          | 32           |
| Prepayments and accrued income     | 1,854        | 498          |
| VAT recoverable                    | 328          | 255          |
|                                    | <u>2,538</u> | <u>934</u>   |

**17. Current asset investments**

|                                   | 2019<br>£000 | 2018<br>£000 |
|-----------------------------------|--------------|--------------|
| Cash placed on short term deposit | 1,633        | 872          |
|                                   | <u>1,633</u> | <u>872</u>   |

**18. Creditors: Amounts falling due within one year**

|                                    | 2019<br>£000 | 2018<br>£000 |
|------------------------------------|--------------|--------------|
| Trade creditors                    | 1,215        | 581          |
| GAG abatement creditor             | -            | 123          |
| Other taxation and social security | 370          | 381          |
| Other creditors                    | 348          | 351          |
| Accruals and deferred income       | 636          | 776          |
|                                    | <u>2,569</u> | <u>2,212</u> |

Included in creditors are the following amounts in respect of deferred income:

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| Deferred income at 1 September 2018    | 250          | 246          |
| Resources deferred during the year     | 292          | 250          |
| Amounts released from previous periods | (250)        | (246)        |
|  | <u>292</u>   | <u>250</u>   |

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**Castle School Education Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**18. Creditors: Amounts falling due within one year (continued)**

At the Statement of Financial Position date the Academy Trust was holding funds received in advance of school trips taking place in the 2019-20 academic year.

**19. Financial instruments**

|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
|   | <b>£000</b>       | <b>£000</b>       |
| <b>Financial assets</b>   |                   |                   |
| Financial assets that are debt instruments measured at amortised cost | <b>5,816</b>      | 4,534             |
|   | <u>          </u> | <u>          </u> |
|   | <b>2019</b>       | <b>2018</b>       |
|   | <b>£000</b>       | <b>£000</b>       |
| <b>Financial liabilities</b>  |                   |                   |
| Financial liabilities measured at amortised cost                      | <b>1,907</b>      | 1,458             |
|   | <u>          </u> | <u>          </u> |

Financial assets that are debt instruments measured at amortised cost comprise of cash at bank and in hand, cash placed on short term deposit, trade and other debtors, amounts due from group undertakings and accrued income.

Financial liabilities measured at amortised cost comprise trade and other creditors and accruals.

**Castle School Education Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**20. Statement of funds**

|  | Balance at 1<br>September<br>2018<br>£000 | Income<br>£000 | Expenditure<br>£000 | Gains/<br>(Losses)<br>and<br>transfers<br>£000 | Balance at<br>31 August<br>2019<br>£000 |
|--|---|----------------|---------------------|--|---|
| <b>Unrestricted funds</b>                      |   |                |                     |  |   |
| Astro-turf pitch sinking fund                  | 432                                       | -              | -                   | (185)  | 247                                     |
| Capital expenditure from<br>unrestricted funds | 410                                       | -              | (297)               | -  | 113                                     |
| Other unrestricted funds                       | 457                                       | 327            | (92)                | 185  | 877                                     |
|  | <u>1,299</u>                              | <u>327</u>     | <u>(389)</u>        | <u>-</u>                                       | <u>1,237</u>                            |
| <b>Restricted general funds</b>                |   |                |                     |  |   |
| General Annual Grant (GAG)                     | -   | 22,404         | (22,295)            | -  | 109                                     |
| Pupil premium funding                          | -   | 745            | (745)               | -  | -                                       |
| SEN funding                                    | -   | 969            | (969)               | -  | -                                       |
| School Fund                                    | 42  | 608            | (602)               | -  | 48                                      |
| Other restricted                               | 45  | 955            | (964)               | -  | 36                                      |
| Pension reserve                                | (8,022)                                   | -              | (852)               | (4,662)  | (13,536)                                |
|  | <u>(7,935)</u>                            | <u>25,681</u>  | <u>(26,427)</u>     | <u>(4,662)</u>                                 | <u>(13,343)</u>                         |
| <b>Restricted fixed asset funds</b>            |   |                |                     |  |   |
| DfE/ESFA capital grants                        | 3,031                                     | 1,294          | (547)               | -  | 3,778                                   |
| Other capital grants                           | -   | 295            | -                   | -  | 295                                     |
| Inherited capital funds                        | 52  | -              | (29)                | -  | 23                                      |
| Inherited and gifted fixed<br>assets           | 64,214                                    | -              | (2,402)             | -  | 61,812                                  |
| Capital expenditure from GAG                   | 28  | -              | (15)                | -  | 13                                      |
|  | <u>67,325</u>                             | <u>1,589</u>   | <u>(2,993)</u>      | <u>-</u>                                       | <u>65,921</u>                           |
| <b>Total Restricted funds</b>                  | <u>59,390</u>                             | <u>27,270</u>  | <u>(29,420)</u>     | <u>(4,662)</u>                                 | <u>52,578</u>                           |
| <b>Total funds</b>                             | <u>60,689</u>                             | <u>27,597</u>  | <u>(29,809)</u>     | <u>(4,662)</u>                                 | <u>53,815</u>                           |

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**Castle School Education Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**20. Statement of funds (continued)**

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

**Restricted general funds**

*General annual grant (GAG)*

The general annual grant (GAG) must be used for the normal running costs of the Trust's schools. 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 2019.

*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 towards school trips and similar activities.

*Pension reserve*

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

**Restricted fixed asset funds**

*DfE/ESFA capital grants*

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

*Inherited capital funds*

The Trust's schools received unspent capital funds from predecessor schools. The Trust must respect the original restriction on these funds and so they must be spent on capital projects.

*Inherited and gifted fixed assets*

The amount of inherited fixed assets represents the depreciated replacement cost of the predecessor schools' land and buildings and the fair value of equipment, which was transferred to the Academy Trust on conversion or merger.

**Unrestricted funds**

*Astra-turf pitch sinking fund*

This is a designated fund created by the Trustees to comply with the requirements of the funders of the Trust's astro-turf pitches. The fund is to be used for the repair and maintenance of the astro-turf pitches.

*Capital expenditure from unrestricted funds*

Some unrestricted funds have been applied for capital expenditure. The fund holds the book value of these assets and will reduce as they are depreciated.

*Other unrestricted funds*

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

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**20. Statement of funds (continued)**

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

|  | <b>2019</b>   | <b>2018</b>   |
|--|---------------|---------------|
|  | <b>£000</b>   | <b>£000</b>   |
| The Castle School                                  | 789           | 772           |
| Charfield School                                   | 141           | 136           |
| Downend School                                     | 57            | 316           |
| Lyde Green Primary School                          | 293           | 263           |
| Mangotsfield School                                | 921           | 829           |
| Marlwood School                                    | (976)         | (972)         |
| Severn Beach Primary School                        | 25            | (36)          |
| Castle School Education Trust                      | 180           | 78            |
|  | <hr/>         | <hr/>         |
| Total before fixed asset funds and pension reserve | 1,430         | 1,386         |
| Restricted fixed asset fund                        | 65,921        | 67,325        |
| Pension reserve                                    | (13,536)      | (8,022)       |
|  | <hr/>         | <hr/>         |
| <b>Total</b>                                       | <b>53,815</b> | <b>60,689</b> |
|  | <hr/> <hr/>   | <hr/> <hr/>   |

The following academy is carrying a net deficit on its portion of the funds as follows:

|                 | <b>Deficit</b> |
|-----------------|----------------|
|                 | <b>£000</b>    |
| Marlwood School | (976)          |
|                 | <hr/> <hr/>    |

The deficit at Marlwood School is due to the reduction in number of students in recent years. This led to a reduction in income, which occurred faster than cost restructuring actions that were implemented.

The Academy Trust is taking the following action to return the academy to surplus:

The Trust has implemented reductions in staff costs, a review of contracts, sharing services with other schools in the Trust, and amalgamation of the sixth form provision.

**Castle School Education Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**20. Statement of funds (continued)**

**Total cost analysis by academy**

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

|                               | Teaching<br>and<br>educational<br>support<br>staff costs<br>£000 | Other<br>support<br>staff costs<br>£000 | Educational<br>supplies<br>£000 | Other costs<br>excluding<br>depreciation<br>£000 | Total<br>2019<br>£000 |
|-------------------------------|--|---|---------------------------------|--|-----------------------|
| The Castle School             | 6,738  | 292                                     | 69                              | 1,072  | 8,171                 |
| Charfield School              | 616  | 38                                      | 5                               | 178  | 837                   |
| Downend School                | 4,711  | 278                                     | 103                             | 1,088  | 6,180                 |
| Lyde Green Primary School     | 875  | 45                                      | 45                              | 275  | 1,240                 |
| Mangotsfield School           | 4,264  | 283                                     | 4                               | 1,226  | 5,777                 |
| Marlwood School               | 2,039  | 117                                     | 32                              | 717  | 2,905                 |
| Severn Beach Primary School   | 414  | 31                                      | 10                              | 123  | 578                   |
| Castle School Education Trust | (553)  | 830                                     | 2                               | 554  | 833                   |
| <b>Academy Trust</b>          | <b>19,104</b>  | <b>1,914</b>                            | <b>270</b>                      | <b>5,233</b>                                     | <b>26,521</b>         |

**Castle School Education Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**20. Statement of funds (continued)**

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

|  | Balance at<br>1<br>September<br>2017<br>£000 | Income<br>£000 | Expenditure<br>£000 | Gains/<br>(Losses)<br>£000 | Balance at<br>31 August<br>2018<br>£000 |
|--|--|----------------|---------------------|----------------------------|---|
| <b>Unrestricted funds</b>                      |  |                |                     |                            |   |
| Astro-turf pitch sinking fund                  | 432  | -              | -                   | -                          | 432                                     |
| Capital expenditure from<br>unrestricted funds | 657  | -              | (285)               | 38                         | 410                                     |
| Other unrestricted funds                       | 301  | 540            | (346)               | (38)                       | 457                                     |
|  | <u>1,390</u>                                 | <u>540</u>     | <u>(631)</u>        | <u>-</u>                   | <u>1,299</u>                            |
| <b>Restricted general funds</b>                |  |                |                     |                            |   |
| General Annual Grant (GAG)                     | 318  | 22,854         | (23,172)            | -                          | -                                       |
| Pupil premium funding                          | -  | 858            | (858)               | -                          | -                                       |
| SEN funding                                    | -  | 772            | (772)               | -                          | -                                       |
| School Fund                                    | 44   | 476            | (478)               | -                          | 42                                      |
| Other restricted                               | 97   | 278            | (330)               | -                          | 45                                      |
| Pension reserve                                | (9,587)                                      | -              | (648)               | 2,213                      | (8,022)                                 |
|  | <u>(9,128)</u>                               | <u>25,238</u>  | <u>(26,258)</u>     | <u>2,213</u>               | <u>(7,935)</u>                          |
| <b>Restricted fixed asset funds</b>            |  |                |                     |                            |   |
| DfE/ESFA capital grants                        | 2,082  | 1,369          | (420)               | -                          | 3,031                                   |
| Other capital grants                           | 81   | -              | (29)                | -                          | 52                                      |
| Inherited capital funds                        | 74,459                                       | -              | (10,245)            | -                          | 64,214                                  |
| Inherited and gifted fixed<br>assets           | 43   | -              | (15)                | -                          | 28                                      |
|  | <u>76,665</u>                                | <u>1,369</u>   | <u>(10,709)</u>     | <u>-</u>                   | <u>67,325</u>                           |
| <b>Total Restricted funds</b>                  | <u>67,537</u>                                | <u>26,607</u>  | <u>(36,967)</u>     | <u>2,213</u>               | <u>59,390</u>                           |
| <b>Total funds</b>                             | <u>68,927</u>                                | <u>27,147</u>  | <u>(37,598)</u>     | <u>2,213</u>               | <u>60,689</u>                           |

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**For the Year Ended 31 August 2019**

**21. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

|  | Unrestricted<br>funds<br>2019<br>£000 | Restricted<br>funds<br>2019<br>£000 | Restricted<br>fixed asset<br>funds<br>2019<br>£000 | Total<br>funds<br>2019<br>£000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets                  | 113                                   | -                                   | 63,274   | 63,387                         |
| Current assets                         | 1,124                                 | 2,723                               | 2,686  | 6,533                          |
| Creditors due within one year          | -                                     | (2,530)                             | (39)   | (2,569)                        |
| Provisions for liabilities and charges | -                                     | (13,536)                            | -  | (13,536)                       |
| <b>Total</b>                           | <b>1,237</b>                          | <b>(13,343)</b>                     | <b>65,921</b>                                      | <b>53,815</b>                  |

**Analysis of net assets between funds - prior year**

|  | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Restricted<br>fixed asset<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets                  | 410                                   | -                                   | 65,348   | 65,758                         |
| Current assets                         | 3,101                                 | 87                                  | 1,977  | 5,165                          |
| Creditors due within one year          | (2,212)                               | -                                   | -  | (2,212)                        |
| Provisions for liabilities and charges | -                                     | (8,022)                             | -  | (8,022)                        |
| <b>Total</b>                           | <b>1,299</b>                          | <b>(7,935)</b>                      | <b>67,325</b>                                      | <b>60,689</b>                  |

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**22. Reconciliation of net expenditure to net cash flow from operating activities**

|   | <b>2019</b><br><b>£000</b> | <b>2018</b><br><b>£000</b> |
|---|----------------------------|----------------------------|
| Net expenditure for the year (as per Statement of Financial Activities) | <b>(2,212)</b>             | <b>(10,451)</b>            |
| <b>Adjustments for:</b>   |                            |                            |
| Depreciation  | <b>3,122</b>               | <b>3,207</b>               |
| Capital grants from DfE and other capital income                        | <b>(1,589)</b>             | <b>(1,369)</b>             |
| Interest receivable   | <b>(12)</b>                | <b>(7)</b>                 |
| Defined benefit pension scheme cost less contributions payable          | <b>641</b>                 | <b>428</b>                 |
| Defined benefit pension scheme finance cost                             | <b>211</b>                 | <b>220</b>                 |
| Increase in debtors   | <b>(383)</b>               | <b>(142)</b>               |
| Increase in creditors   | <b>479</b>                 | <b>318</b>                 |
| Impairment charge   | <b>-</b>                   | <b>7,787</b>               |
| Loss on disposal  | <b>168</b>                 | <b>-</b>                   |
| <b>Net cash provided by/(used in) operating activities</b>              | <b>425</b>                 | <b>(9)</b>                 |

**23. Cash flows from investing activities**

|  | <b>2019</b><br><b>£000</b> | <b>2018</b><br><b>£000</b> |
|--|----------------------------|----------------------------|
| Dividends, interest and rents from investments             | <b>12</b>                  | <b>7</b>                   |
| Purchase of tangible fixed assets                          | <b>(1,043)</b>             | <b>(648)</b>               |
| Capital grants from DfE Group                              | <b>370</b>                 | <b>1,369</b>               |
| <b>Net cash (used in)/provided by investing activities</b> | <b>(661)</b>               | <b>728</b>                 |

**24. Analysis of cash and cash equivalents**

|  | <b>2019</b><br><b>£000</b> | <b>2018</b><br><b>£000</b> |
|--|----------------------------|----------------------------|
| Cash at bank and in hand               | <b>2,362</b>               | <b>3,359</b>               |
| Notice deposits (less than 3 months)   | <b>1,633</b>               | <b>872</b>                 |
| <b>Total cash and cash equivalents</b> | <b>3,995</b>               | <b>4,231</b>               |

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**Notes to the Financial Statements**  
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**25. Contingent liabilities**

There were no contingent liabilities in the current or the previous year.

**26. Capital commitments**

There were no material capital commitments at the current or previous year end.

**27. Pension commitments**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' 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 Avon Pension Fund. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £316,000 were payable to the schemes at 31 August 2019 (2018 - £323,000) and are included within creditors.

**Teachers' Pension Scheme**

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

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

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**27. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (as amended) published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (as amended). 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 will increase from 16.48% to 23.68% of pensionable pay from September 2019 (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay has been paused following court of appeal ruling in December 2018 relating to the transitional protection offered to members in the 2015 pension reforms
- the assumed real rate of return is 2.8% until 2019 and then 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.86% until 2019 then 4.45%.

The employer's pension costs paid to TPS in the year amounted to £1,897,000 (2018 - £1,975,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,150,000 (2018 - £1,102,000), of which employer's contributions totalled £924,000 (2018 - £875,000) and employees' contributions totalled £226,000 (2018 - £227,000). The agreed contribution rates for future years are 16.3% - 20.6% per cent for employers and 5.5% - 12.5% per cent for employees.

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

The LGPS scheme currently shows a deficit of £13,536,000 (2018: £8,022,000). The Academy Trust is making additional lump sum contributions of £25,000 (2018: £24,000) per month to reduce the deficit. The number of years where additional contributions are payable varies by academy, but the period is between 16 and 20 years.

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**27. Pension commitments (continued)**

**Principal actuarial assumptions**

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
|  | <b>%</b>    | <b>%</b>    |
| Rate of increase in salaries                       | <b>3.6</b>  | 3.6         |
| Rate of increase for pensions in payment/inflation | <b>2.2</b>  | 2.2         |
| Discount rate for scheme liabilities               | <b>1.8</b>  | 2.8         |
| Inflation assumption (CPI)                         | <b>2.1</b>  | 2.1         |

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

|                             | <b>2019</b>  | <b>2018</b>  |
|-----------------------------|--------------|--------------|
|                             | <b>Years</b> | <b>Years</b> |
| <i>Retiring today</i>       |              |              |
| Males                       | <b>23.7</b>  | 23.6         |
| Females                     | <b>26.2</b>  | 26.1         |
| <i>Retiring in 20 years</i> |              |              |
| Males                       | <b>26.3</b>  | 26.2         |
| Females                     | <b>29</b>    | 28.8         |

**Sensitivity analysis**

|  | <b>2019</b>  | <b>2018</b> |
|--|--------------|-------------|
|  | <b>£000</b>  | <b>£000</b> |
| Discount rate +0.1%                    | <b>(577)</b> | (427)       |
| Mortality assumption - 1 year increase | <b>493</b>   | 365         |
| CPI rate +0.1%                         | <b>590</b>   | 437         |
| Pay growth +0.1% per annum             | <b>138</b>   | 109         |

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**27. Pension commitments (continued)**

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

|                                     | At 31<br>August 2019<br>£000 | At 31<br>August 2018<br>£000 |
|-------------------------------------|------------------------------|------------------------------|
| Equities                            | 6,761                        | 4,976                        |
| Government bonds                    | -                            | 1,472                        |
| Other bonds                         | 1,575                        | 1,561                        |
| Property                            | 795                          | 1,180                        |
| Cash and other liquid assets        | 173                          | 482                          |
| Other                               | 5,143                        | 3,021                        |
| <b>Total market value of assets</b> | <b>14,447</b>                | <b>12,692</b>                |

The actual return on scheme assets was £902,000 (2018 - £557,000).

The amounts recognised in the Statement of Financial Activities are as follows:

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Current service cost  | 1,168        | 1,285        |
| Past service cost   | 379          | -            |
| Interest cost   | 211          | 220          |
| Administrative expenses   | 18           | 18           |
| <b>Total amount recognised in the Statement of Financial Activities</b> | <b>1,776</b> | <b>1,523</b> |

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

|                        | 2019<br>£000  | 2018<br>£000  |
|------------------------|---------------|---------------|
| <b>At 1 September</b>  | <b>20,714</b> | <b>21,006</b> |
| Current service cost   | 1,168         | 1,285         |
| Past service cost      | 379           | -             |
| Interest cost          | 579           | 503           |
| Employee contributions | 226           | 227           |
| Benefits paid          | (279)         | (367)         |
| Actuarial loss/(gain)  | 5,196         | (1,940)       |
| <b>At 31 August</b>    | <b>27,983</b> | <b>20,714</b> |

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**27. Pension commitments (continued)**

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

|                                | <b>2019</b><br><b>£000</b> | <b>2018</b><br><b>£000</b> |
|--------------------------------|----------------------------|----------------------------|
| <b>At 1 September</b>          | <b>12,692</b>              | <b>11,419</b>              |
| Expected return on plan assets | <b>534</b>                 | 273                        |
| Interest income                | <b>368</b>                 | 283                        |
| Employee contributions         | <b>226</b>                 | 227                        |
| Benefits paid                  | <b>(279)</b>               | (367)                      |
| Employer contributions         | <b>924</b>                 | 875                        |
| Administrative expenses        | <b>(18)</b>                | (18)                       |
| <b>At 31 August</b>            | <b>14,447</b>              | <b>12,692</b>              |

As at the 31 August 2019, the Academy Trust holds a net deficit position of £13,536,000 (2018: £8,022,000).

**28. Operating lease commitments**

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

|  | <b>2019</b><br><b>£000</b> | <b>2018</b><br><b>£000</b> |
|--|----------------------------|----------------------------|
| Not later than 1 year                        | <b>35</b>                  | 30                         |
| Later than 1 year and not later than 5 years | <b>45</b>                  | 23                         |
|  | <b>80</b>                  | 53                         |

**29. Guarantees, letters of comfort and indemnities**

There were no guarantees, letters of comfort or indemnities provided by the Trust during the current or previous year.

**30. Members' liability**

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

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**31. Related party transactions**

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

The following related party transactions took place in the financial period:

The Trust has recharged staff and other costs of £216,000 (2018: £235,000) to its trading subsidiary, Premium Partners Limited. These recharges are based on actual costs incurred by the Academy Trust with no margin added, so are not considered to be on an arm's length basis. The Academy Trust also used restricted funds to provide the subsidiary with £10,000 (2018: £52,000) to subsidise its provision of sports coaching to schools. Financial regulations and procurement procedures are not applicable. At the year end, the Trust was due £207,000 (2018: £95,000) from the subsidiary, repayable on demand.

**32. Principal subsidiaries**

The following was a subsidiary undertaking of the Academy Trust:

| <b>Name</b>              | <b>Company number</b> | <b>Registered office or principal place of business</b>                                      | <b>Principal activity</b>  |
|--------------------------|-----------------------|--|--|
| Premium Partners Limited | 029289197             | The Partnership Centre Marlwood School Site, Vattlingstone Lane, Alveston, England BS35 3LA. | The provision of sports coaching and IT consultancy to schools in South Gloucestershire and Bristol. |

The financial results of the subsidiary for the year were:

| <b>Name</b>              | <b>Income<br/>£000</b> | <b>Expenditure<br/>£000</b> | <b>Loss for the<br/>year<br/>£000</b> | <b>Net assets<br/>£000</b> |
|--------------------------|------------------------|-----------------------------|---------------------------------------|----------------------------|
| Premium Partners Limited | 259                    | (250)                       | 9                                     | 9                          |

The subsidiary has not been consolidated into the financial statements of the Academy Trust on the basis that it is not material to giving a true and fair view in the context of the group.