

Registered number: 08850163 (England and Wales)

CASTLE Trust

(A company limited by guarantee)

Annual report and financial statements

For the year ended 31 August 2018



CASTLE Trust
(A company limited by guarantee)

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Reference and administrative details of the Trust, its members, directors and advisors
For the year ended 31 August 2018

Members

Rev H Burn
Mrs S Burt (resigned 6 September 2017)
Miss J Gundry
Mr B Hampton (resigned 1 October 2017)
Mr R King
Mr R Sanders (appointed 21 September 2017)
Mrs H Fletcher-Reilly (appointed 7 March 2018)

Directors

Mr G Atkinson, Chair of Delce Academy LAC (appointed 6 October 2017)^{4,6}
Mrs S Burt (resigned 6 September 2017)
Mr S Calvert, Chair of Audit & Resources Committee^{1,4,5}
Mr T Crayden (appointed 18 January 2018)^{3,5}
Mr C D Du Gray (appointed 10 October 2018)
Mr K Johnson, Bridge POC Chair^{1,5,8}
Mr R King (resigned 31 July 2018)^{1,4}
Mrs J Knight, Chief Financial Officer (resigned 26 April 2018)¹
Mr D Lynch^{1,8}
Mr C Purchase, Vice Chair^{1,4,5}
Miss L Roper (appointed 18 July 2018)¹
Mr R Sanders, Chair and Greenway LAC Chair (resigned 18 September 2018)^{1,4,7}
Ms K White, Chief Executive Officer and Accounting Officer¹

¹ Member Appointed Director

³ Co-opted Director

⁴ Audit & Resources Committee member

⁵ Bridge Specialist School Pre-opening Committee member

⁶ Delce Academy Local Advisory Committee member

⁷ Greenway Academy Local Advisory Committee member

⁸ CEO Performance Review Panel

The Members adopted the Department for Education's most recent model Articles of Association on 26 April 2018.

Mr R Sanders ceased to be ex officio with change of Articles 26 April 2018.

Mr R Sanders resigned from the Board at the beginning of the 2018/19 academic year, the process for electing a new Chair is underway and in the meantime the Vice Chair, Mr C Purchase, is Acting Chair.

Company registered number

08850163

Company name

CASTLE Trust

Principal and registered office

Delce Academy
The Tideway
Rochester
Kent
ME1 2NJ

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Reference and administrative details
For the year ended 31 August 2018

Advisers (continued)

Company secretary

Prima Secretary Limited

Chief executive officer

Ms K White

Executive leadership team

Ms K White, Chief Executive Officer
Mrs J Knight, Chief Finance Officer
Mr D Alexander, Trust Business Manager
Mrs J Allen, Director of Teaching & Learning
Dr E Taaffe, Governance & Data Manager
Mrs L Buchanan, Human Resources Manager

Independent auditor

Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
Montague Place
Quayside
Chatham Maritime
Chatham
Kent
ME4 4QU

Bankers

Barclays Bank plc
263-265 High Street
Chatham
Kent
ME4 4BZ

Solicitors

Womble Bond Dickenson LLP
One Trinity
Broad Char
Newcastle-Upon-Tyne
NE1 2HF

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Directors' report
For the year ended 31 August 2018

The directors present their annual report together with the financial statements and auditors' report of the charitable company for the period from 1st September 2017 to 31st August 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company and charity law. The directors confirm that the Annual report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Charities Statement of Recommended Practice (SORP) 2015.

CASTLE Trust (the Trust) operates two academies:

Delce Academy, for pupils aged 4 to 11 serving a catchment area across the Medway towns. It has a pupil admission number of 30 in Reception and 130 in year 3 and had a roll of 563 in the 2017 autumn school census.

And;

Greenway Academy, for pupils aged 7 to 11 serving a catchment area across Horsham, West Sussex. It has a pupil admission number of 120 in year 3 and had a roll of 398 in the 2017 autumn school census.

There are ongoing plans to expand the number of schools within the Trust.

Structure, Governance and Management

Constitution

The Trust, a multi-academy trust, is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Trust.

The directors of the charitable company are also its trustees.

Details of the directors who served throughout the year 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.

Directors' Indemnities

Subject to the provision of the Companies Act 2006, the Academy Trust maintains Directors' and Officers' liability insurance through the DfE Risk Protection Arrangement (RPA) scheme, which gives appropriate cover for any liability incurred or legal action brought against them in their capacity as directors.

Principal Activity

The principal activity of the Academy Trust is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the academies within the Trust by offering a broad and balanced curriculum.

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Directors' report (continued)
For the year ended 31 August 2018

Method of Recruitment and Appointment or Election of Directors

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

The total number of directors (including the Chief Executive Officer) who are employees of the Trust must not exceed one third of the total number of directors.

The Trust must elect a minimum of two parent directors unless there are Local Governing Bodies which include at least two parent members (the Trust refers to its Local Governing Bodies as Local Advisory Committees). Parent directors are elected by parents of pupils registered at one or more of the Academies within the Trust. A parent director must be a parent of a pupil registered at one or more of the Academies within the Trust when they are elected. Any election of parent directors shall be held by secret ballot.

The directors may appoint co opted directors. Co-opted directors are persons appointed to be a director by being co-opted by directors who have not themselves been so appointed.

The term of office for any director is four years.

Subject to remaining eligible to be a particular type of director, any director may be re-appointed or re-elected.

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

Policies and Procedures Adopted for the Induction and Training of Directors

The training and induction provided for new directors will depend on their existing experience. All directors are provided with the appropriate policies and documents they will need in order for them to undertake their role as a director, these include, but are not limited to, the current Trust Financial Procedures Manual and the Trust's Governance Toolkit. As there are normally only one or two new directors in a year, induction will be done informally and tailored specifically to the individual. Advantage will be taken of any relevant specific training opportunities offered by appropriate bodies. During the 2017/18 financial year, the Trust subscribed to the National Governance Association and the NGA Learning Link. As such, the directors and the Local Advisory Committee members have access to professional guidance and electronic training modules.

Please refer to the governance statement on page 13 regarding details of governance reviews and how the Trust ensures directors are up to date with relevant legislation and training.

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Directors' report (continued)
For the year ended 31 August 2018

Organisational Structure

The governance structure was revised during the year to reflect the revised model Articles of Association and current best practice and to improve independence between the layers of governance:

- With effect from 26 April 2018, the Chair of the Trust Board ceased to be, ex officio, a Member of the Trust;
- The Members now appoint up to eight Directors on the Board;
- The CEO is no longer, ex officio, a Director; they are appointed by the Members with a term of office of four years;
- Academy chairs no longer join the Board on an ex officio basis; they may, however, be invited to join the Board if they offer required skills or experience;
- A Chairs' Working Party, which is not a committee and does not have any delegated powers, has been established as a forum for the Chair of the Board and LAC Chairs to meet and discuss relevant matters and to facilitate two-way communication between the LACs and the Board;
- Academy principals may no longer join the Board on an ex officio basis;
- A Head teachers' Working Party has been established as an operational group that reports to the CEO and meets regularly to discuss school improvement matters and leadership development; this is not a committee or working party of the Board;
- There is no longer a limit on the number of Co-opted Directors that the Board may appoint and their term of office is now four years; they may still only be appointed by Directors who are not themselves co-opted.

The Members of the Trust provide oversight of the governance of the Trust using an 'eyes on, hands off' approach. The majority of Members were independent of the Trust Board. None of the Members are employed by the Trust. The Members appoint some of the Trust's directors (as outlined in Method of Recruitment and appointment or Election of Directors above) and amending the Articles of Association. The Members also appoint the Trust's auditors and receive the Annual Report and Financial Statements each year.

Directors have overall responsibility for the successful delivery of the Trust's aims and objectives by setting the strategic direction and policies of the Academies within it, overseeing and adopting annual plans, consolidating budgets and targets, monitoring the effective management of the Trust's finances and resources and ensuring that the quality of teaching and learning results in appropriate levels of attainment. Collectively the directors are referred to as the Trust Board. Below this there are the following sub-committees, working parties and panels:

The Audit & Resources Committee
Bridge Pre-opening Committee
Delce Academy Local Advisory Committee
Greenway Academy Local Advisory Committee
Chairs' Working Party (w.e.f. September 2018)
CEO's Performance Review Panel

Please refer to the governance report for further details of Board and sub-committee meetings held and the individuals involved.

The Chief Executive Officer is responsible to the Board for following the strategic direction set by directors, for implementing the Trust's agreed policies and for ensuring the delivery of excellent teaching and learning that results in appropriate achievement.

The Chief Executive Officer is the Trust's Accounting Officer.

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Directors' report (continued)
For the year ended 31 August 2018

Arrangements for setting pay and remuneration of key management personnel

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

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	500.00
Provide the total pay bill	60,000.00
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.83%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	4%
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Directors' report (continued)
For the year ended 31 August 2018

Objectives and Activities

Ensuring clarity of vision, ethos and strategic direction by holding the principals to account for the educational performance of the school and its' pupils. Overseeing the financial performance of the schools and making sure its money is well spent.

As trustees of a charity, academy trustees must comply with the following duties:

Compliance – they must ensure that the charity's resources are used for the charitable purpose and that the charity complies with the law and its governing document i.e. the Articles of Association.

Care – they should take reasonable care in their work. In practice it simply means ensuring that the academy trust is managed efficiently and effectively. It also means considering the need for professional advice on matters where there may be material risk to the charity.

Prudence – they must act responsibly, making sure that the academy trust's assets are protected and used for the benefit of the charity. The trustees must ensure that the academy trust is solvent and keeps appropriate financial records. These requirements are reflected in the funding agreement and Academies Financial Handbook 2017.

Objectives, Strategies and Activities

The main objectives of the Trust are:

- Ensure all schools actively support each other and share best practice for the benefit of all;
- Encourage all schools to celebrate their distinct identity within the Trust Community;
- Provide quality-assured services to keep all schools legal, financially robust and continually improving.

The priorities for the Trust are:

- Embed appraisal so every member of staff feels valued and well supported to excel in their role;
- Continue to develop leadership capacity at all levels in schools to support Trust growth as well as supporting other schools within Trust school's local communities.

In order to achieve these objectives, the Trust will:

Attainment and Achievement

- Ensure there are clear, consistent outcome and attainment expectations in all schools;
- Ensure attainment and progress of all pupils in all schools is above the national average;
- Develop teachers' understanding and skills at teaching focus groups within lessons to accelerate learning in lessons.

Teaching and Learning

- Develop a high-quality teaching and learning resource by building and sharing best practice across the Trust using a systematic approach to relationships, teaching and wrap around support.

Pupil Welfare

- Support the emotional, social and behavioural development of all pupils, with particular focus on our most vulnerable groups;
- Ensure pupils have a good understanding of healthy lifestyles, ensuring that they can keep themselves healthy and safe, achieve excellent educational outcomes which support their ambitions;

Curriculum

- Continue to implement the National Curriculum within our creative curriculum;
- Develop an effective assessment policy, using formative and summative data to best inform teaching and learning.

Leadership and Governance

- Ensure Governance in all schools is well informed and supports accurate and perceptive self-evaluation;
- Support the recruitment and retention of high quality staff.

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Directors' report (continued)
For the year ended 31 August 2018

Public Benefit

Members and Directors have referred to the public benefit guidance contained in part 1, section 4 of the Charities Act 2006 and the SORP (item GL 49), to have due regard to the Charity Commission's published general and relevant guidance when they have reviewed the trust's aims and objectives. This has been used in planning future activities to ensure the primary objective of any school in the trust is achieved rather than providing a financial return to all its providers or members.

Strategic Report

Achievements and Performance

Going Concern

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

Achievement and performance

The overall aim of the Trust were to ensure results in all year groups were maintained or improved compared to the previous year's results and that our schools can ensure they continually improve and further benefit the life chances of the pupils in our care.

Financially the Trust has performed well and has a strong reserves balance.

The aim of the Trust for Delce Academy in 2017/18 was to implement Trust policies, processes and procedures to drive rapid improvement and underpin the stability of the school following its 'Requires Improvement' Ofsted rating (March 2017). The Board has confidence in and regularly reviews the School and LGB improvement plans and will step up and ensure the improvement drive continues in the next academic year.

Greenway Academy continues to maintain and improve results compared to the previous year which cement its Ofsted 'Good' rating (September 2017), the aims of the Trust and the LGB are to further improve the Ofsted rating and ensure an enhanced marketing push to further increase pupil numbers in the future.

Key Financial Performance Indicators

The Trust uses a number of financial key performance indicators to monitor the financial success of the Trust and progress improvement against targets set.

The Trust monitors its operating surplus/(deficit) as a percentage of total income. For the period ended 31 August 2018 the operating surplus equated to 1.1% (2017: deficit -4.5%) of total income.

Staffing costs are monitored as a percentage of total income. For the period ended 31 August 2018 staffing costs represented 71.8% (2017: 75.5%) of total income.

The level of investment the Trust makes in the buildings and infrastructure is monitored as this can help to attract pupils to the Trust's schools. In the period ended 31 August 2018, the capital spend on building and infrastructure projects, was 99% (2017: 0%) of capital funding.

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Directors' report (continued)
For the year ended 31 August 2018

The Trust also uses a range of non financial performance indicators to monitor its performance, these are as follows:

Delce Academy:

- The combined attainment in reading, writing, and Maths at expected was 55% and 9% greater depth;
- Whole school attainment in reading was 62% expected and 27% greater depth;
- Whole school attainment in writing was 75% expected and 20% greater depth;
- Whole school attainment in maths was 65% expected and 21% greater depth;
- Whole school attainment in SPaG was 60% expected and 26% greater depth;
- Whole school progress in reading was – 3.0;
- Whole school progress in writing was – 1.3;
- Whole school progress in maths was – 2.1.

Delce Academy is rated Requires Improvement by Ofsted (March 2017).

Improvements have been achieved for children working at Greater Depth and children who have additional needs;

The school development at Delce Academy is now focussed on;

- MA and FSM attainment and progress;
- Achieving a Good Ofsted rating.

Greenway Academy:

- The combined attainment in reading, writing, and Maths at expected was 64% and 9% greater depth;
- Whole school attainment in reading was 78% expected and 40% greater depth;
- Whole school attainment in writing was 74% expected and 20% greater depth;
- Whole school attainment in maths was 73% expected and 28% greater depth;
- Whole school attainment in SPaG was 79% expected and 36% greater depth;
- Whole school progress in reading was + 2.7;
- Whole school progress in writing was – 0.1;
- Whole school progress in maths was – 0.1.

Greenway pupils are now working at above national levels in reading and SPaG; and at national levels for writing and Maths.

Greenway Academy is rated Good by Ofsted (July 2017).

Outcomes for disadvantaged pupils at Greenway Academy continue to improve.

The school improvement focus at Greenway Academy is;

- Attainment and progress of FSM, LA and SEN pupils;
- Attendance of FSM pupils;
- Continuous provision across the whole school day;
- Outdoor learning and Healthy Living.

Both schools are above floor against national measures.

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Directors' report (continued)
For the year ended 31 August 2018

Financial Review

During the period to 31 August 2018 total income, including capital income was £5,232,436 (2017: £7,846,140) of which £275,813 (2017: £298,186) was unrestricted income.

Total expenditure for the period to 31 August 2018 was £5,174,658 (2017: £4,061,528) of which:

- Employee costs of £3,758,965 (2017: £2,933,456) represented 73% (2017: 72%) of total expenditure
- Premises Related costs of £459,388 (2017: £289,049) represented 9% (2017: 7%) of total expenditure
- Educational supplies and services of £227,974 (2017: £144,966) represented 4% (2017: 4%) of total expenditure.

The operating surplus excluding pension reserve adjustments for the period ended 31 August 2018 was £57,778.

The Trust is not restricted with its use of allocated General Annual Grant (GAG) but ensured compliance where necessary to the current funding agreement. The forecast for future funding arrangements continues to be increasingly volatile and has reaffirmed the importance of Financial Management in future years. The Trust has received funding indications from the ESFA for 2018/19 and has managed the curriculum and staffing model to best use the funds that have been allocated to achieve our educational vision.

Trust school's income is derived in the main from the Education & Skills Funding Agency (ESFA) and the Local Authority (LA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA and the LA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Reserves Policy

The directors' review the level of reserves annually alongside the approved Reserves Policy. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The directors will ensure that the reserves policy continues to conform to the requirements laid down in the Academies' Financial Handbook produced by the ESFA and will monitor any changes with the funding agreement and GAG restrictions as appropriate.

It is the directors' policy to maintain a level of unrestricted reserves which can be used for future education purposes in line with each school's improvement plan. At the year end the Trust held unrestricted reserves of £234,119 and restricted reserves of £6,975,721 (£7,127,456 these restricted reserves related to restricted fixed asset funds).

The restricted general fund excluding pension liability is £272,265 but overall shows a negative figure due to the pension liability value measured by the actuary. The reserves are held to ensure each academy has sufficient resources to improve the educational offer as it grows.

Directors agreed an aspirational reserves policy, which aims to achieve reserves of £100k over the next five years, as long as this is not detrimental to pupil outcomes.

Investment Policy

Directors do not have a formal investment policy except that no speculative or other investments which may place the Trust's funds at unnecessary risk should be made. Directors have agreed that surplus funds may be placed in fixed term deposit accounts at recognised UK clearing banks.

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Directors' report (continued)
For the year ended 31 August 2018

Principal Risks and Uncertainties

Directors consider the principal risks and uncertainties that could impact the Trust to be:

- Attitude of Government/Local Authority to academisation and changes in policy towards academies in general and / or the Trust itself;
- Educational standards within the schools may deteriorate due to reasons such as lack of skilled staff, leading to failure of the Trust to fulfil its key objective, namely to raise the educational standards and safeguard the emotional wellbeing of all pupils;
- Demand for places higher than the schools can accommodate or falls due to poor external inspection report;
- Ineffective challenge from Directors / LAC Governors to school performance issues, executive proposals or lack of support and engagement;
- During a period when the Trust is evolving, growing and taking on new schools, there is a risk that it does not have access to all the skilled staff it needs or sufficient resources;
- Poor governance including poor understanding of respective roles or lack of basic skills, poor delegation, poor documentation, lack of training, passive trusts; competing regulatory requirements.

Other risks and uncertainties which the Trust may face are in relation to technology failures, pension fund deficits and natural uncontrollable events. The Trust is also aware that funding for education remains under pressure, which introduces the risk of a school within the Trust incurring a deficit against its budget from unforeseen circumstances, especially if there is a change of funding policy introduced by the Government.

The directors have considered the principal risks and uncertainties facing the Trust and have as far as appropriate taken steps to minimise these risks. This is facilitated by the maintenance and regular review of a risk register and heat map.

The main financial instrument of the Trust is cash held within current bank accounts. Cash resources are managed to ensure operating requirements can be met without the need for short term borrowing.

Fundraising

Neither the Trust nor its schools fundraise from the public or have any agreements with professional fundraisers or other businesses (commercial participators) who raise money for charities.

Any fundraising is undertaken by the PTA of individual Trust schools who are separate legal entities.

Plans for Future Periods

The Trust will ensure it maintains the vision to drive up standards across all schools in the Trust and is committed to ensuring the improved performance and stability of schools within the Trust. There is also a clear focus to ensure that growth plans do not disadvantage any school we are working with. The Trust plans to continue its clearly identified progression planning for its employees by clearly setting opportunity routes for all employees. The Trust plans to ensure the current and future educational offer is constantly reviewed to achieve excellence in all it does and will work alongside the financial objectives to achieve efficiencies as the trust grows.

Funds held as Custodian Trustee on behalf of others

The Trust holds no funds on behalf of others.

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Directors' report (continued)
For the year ended 31 August 2018

Provision of information to auditor

In so far as the directors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, Kreston Reeves LLP, has indicated its willingness to continue in office. At the Annual General Meeting held on 17 November 2016, the Members appointed Kreston Reeves LLP for a period of five years ending 16 November 2021:

This report, incorporating a strategic report, was approved by the CASTLE Trust Board on 22 November 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'C Purchase', written in a cursive style.

Mr C Purchase
Acting Chair of Directors

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Governance Statement

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board has formally met 6 times during the year. Attendance during the year at meetings of the Board was as follows:

Director	Meetings attended	Out of a possible
Mr R Sanders, Chair	4	6
Mr G Atkinson	2	6
Mrs S Burt	0	0
Mr S Calvert	6	6
Mr T Crayden (appointed 18 January 2018)	2	4
Mr K Johnson	3	6
Mr R King (resigned 31 July 2018)	4	6
Mrs J Knight (resigned 26 April 2018)	4	4
Mr D Lynch	4	6
Mr C Purchase	6	6
Miss L Roper (appointed 18 July 2018)	0	0
Ms K White	6	6

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

- The Board's Knowledge, Experience and Skills Analysis was updated periodically to reflect resignations and new joiners. The programme of training, information sharing and targeted recruitment to address gaps continued;
- The Trust maintained its subscription to the National Governance Association (NGA), providing Directors, LAC Governors and Clerks with access to governance information and guidance and the NGA journal: Governance Matters;
- The Trust maintained its subscription to the NGA Learning Link, giving Directors, LAC Governors and Clerks access to e-learning modules in key areas, including governance;
- The Trust subscribed to The Key for School Governors, giving access to the Governance and Data Manager and the LAC Clerks to guidance and model documents;
- The Trust adopted the Department for Education's most recent model Articles of Association, to bring governance of the Trust in line with current thinking on best practice and restructured its governance accordingly.

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Governance Statement (continued)

The Audit & Resources Committee will assist the Board with regard to the annual audit and accounts, internal controls and the sound management of the Trust's finances and resources. The Committee met formally 4 times during the year.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr S Calvert, Chair	4	4
Mr G Atkinson (appointed 23 November 2017)	2	3
Mr C Purchase	4	4
Mr R King	3	4
Mr R Sanders	4	4

Review of Value for Money

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

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- **Educational outcomes**
The strategic report within these financial statements describes in detail the educational outcomes achieved by Trust schools in the 2017/18 academic year.
- **Staffing**
Staffing has been reviewed, carefully considered and staff have been deployed to meet the needs of delivering the curriculum in each Academy. Appropriate level of educational support staff have been provided to meet the needs of individual pupils and ensure all pupils can reach their full potential regardless of any challenges they may face.
- **Financial Governance and Oversight**
The Trust has a robust framework for ensuring strong financial governance which ensures the Accounting Officer has assurance that financial practices and procedures are properly implemented. Good financial planning allows the CEO and school leaders plan ahead with certainty and prioritise and de-prioritise activities in order to deliver effective educational outcomes at best value.
- **Procurement**
Collaboration within the Trust has maximised the buying power of Trust schools and led to savings for all schools.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CASTLE Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

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Governance Statement (continued)

Capacity to Handle Risk

The Board has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board;
- regular reviews by the Audit & 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;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board has considered the need for a specific internal audit function and has decided to appoint Kreston Reeves LLP 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. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control accounts
- testing of bank reconciliations

On a quarterly basis, the auditor reports to the Board through the Audit & Resources committee on the operation of the systems of control and on the discharge of the Board's financial responsibilities.

A verbal report is made by the Chief Finance Officer at each Audit & Resources Committee meeting on the risk and control framework, which is then reported to the Board at each meeting. In addition, written reports are provided to the Audit & Resources Committee as and when these are available or required.

The internal auditor has delivered their schedule of work as planned. Some minor control failures were reported, with measures then implemented by management to remedy them. No control failures arose that were significant enough to indicate potential misstatement of the accounts, or financial or operational mismanagement or irregularity.

CASTLE Trust
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Governance Statement (continued)

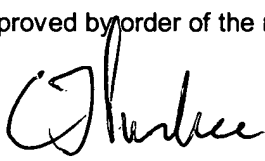
Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board on 22 November 2018 and signed on their behalf, by:



Mr C Purchase
Acting Chair of Directors



Ms K White
Accounting Officer

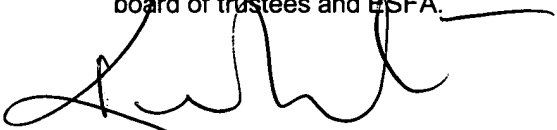
CASTLE Trust
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Statement on Regularity, Propriety and Compliance

As Accounting Officer of CASTLE Trust I have considered my responsibility to notify the Academy Trust board of 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 2017.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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



Ms K White
Accounting Officer

Date: 22 November 2018

CASTLE Trust
(A company limited by guarantee)

Statement of Directors' responsibilities
For the year ended 31 August 2018

The Directors (who act as governors of the CASTLE Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued 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 Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 22 November 2018 and signed on its behalf by:



Mr C Purchase
Acting Chair of Directors

CASTLE Trust
(A company limited by guarantee)

Independent auditor's report on the financial statements to the members of CASTLE Trust

Opinion

We have audited the financial statements of CASTLE Trust (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

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

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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust'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.

CASTLE Trust
(A company limited by guarantee)

Independent auditor's report on the financial statements to the members of CASTLE Trust

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. 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 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Directors' responsibilities, the Directors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

CASTLE Trust
(A company limited by guarantee)

Independent auditor's report on the financial statements to the members of CASTLE Trust

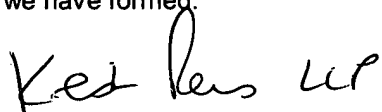
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 charitable company'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 charitable company'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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Susan Robinson BA FCA FCIE DChA MCMI (Senior statutory auditor)
for and on behalf of
Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
Chatham Maritime
23 November 2018

CASTLE Trust
(A company limited by guarantee)

Independent reporting accountant's assurance report on regularity to CASTLE Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 18 September 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CASTLE Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of CASTLE Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of CASTLE Trust's funding agreement with the Secretary of State for Education dated 19 March 2014, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the 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.

CASTLE Trust
(A company limited by guarantee)

Independent reporting accountant's assurance report on regularity to CASTLE Trust and the Education & Skills Funding Agency (continued)


Work undertaken

The work undertaken to draw to our conclusion includes:

- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Ensured that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed Governing Body and Director minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Kreston Reeves LLP
Reporting Accountant
Chartered Accountants

23 November 2018

03 November 2018

consequences, although from the present perspective, the importance of the health effects may not be as important as the potential for increased morbidity and mortality. Research on the health consequences of the 1982-83 outbreak of *Y. enterocolitica* in the Netherlands, however, revealed that

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(A company limited by guarantee)
CASTLE Trust

CASTLE Trust
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the year ended 31 August 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations & capital grants:						
Transfer of existing academy joining the Trust	2	-	-	-	-	3,959,907
Other donations and capital grants	2	12,590	-	347,189	359,779	31,906
Charitable activities	4	-	4,584,033	-	4,584,033	3,595,569
Other trading activities	3	263,223	25,401	-	288,624	258,758
Total income		275,813	4,609,434	347,189	5,232,436	7,846,140
Expenditure on:						
Charitable activities		43,639	4,950,796	180,223	5,174,658	4,061,528
Total expenditure	5	43,639	4,950,796	180,223	5,174,658	4,061,528
Net income / (expenditure) before transfers		232,174	(341,362)	166,966	57,778	3,784,612
Transfers between Funds	16	(185,690)	185,690	-	-	-
Net income / (expenditure) before other recognised gains and losses		46,484	(155,672)	166,966	57,778	3,784,612
Actuarial gains on defined benefit pension schemes	20	-	281,000	-	281,000	510,000
Net movement in funds		46,484	125,328	166,966	338,778	4,294,612
Reconciliation of funds:						
Total funds brought forward		187,635	(277,063)	6,960,490	6,871,062	2,576,450
Total funds carried forward		234,119	(151,735)	7,127,456	7,209,840	6,871,062

All activities relate to continuing operations.

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

The notes on pages 27 to 50 form part of these financial statements.

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

Balance sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	13		7,070,707		6,906,910
Current assets					
Debtors	14	89,405		60,889	
Cash at bank and in hand		686,720		757,168	
		<u>776,125</u>		<u>818,057</u>	
Creditors: amounts falling due within one year	15	<u>(212,992)</u>		<u>(281,905)</u>	
Net current assets			<u>563,133</u>		<u>536,152</u>
Total assets less current liabilities			<u>7,633,840</u>		<u>7,443,062</u>
Defined benefit pension scheme liability	20		<u>(424,000)</u>		<u>(572,000)</u>
Net assets including pension scheme liabilities			<u><u>7,209,840</u></u>		<u><u>6,871,062</u></u>
Funds of the Academy Trust					
Restricted income funds:					
Restricted income funds	16	272,265		294,937	
Restricted fixed asset funds	16	<u>7,127,456</u>		<u>6,960,490</u>	
Restricted income funds excluding pension liability		<u>7,399,721</u>		<u>7,255,427</u>	
Pension reserve		<u>(424,000)</u>		<u>(572,000)</u>	
Total restricted income funds			<u>6,975,721</u>		<u>6,683,427</u>
Unrestricted income funds	16		<u>234,119</u>		<u>187,635</u>
Total funds			<u><u>7,209,840</u></u>		<u><u>6,871,062</u></u>

The financial statements on pages 24 to 50 were approved by the Directors, and authorised for issue, on 22 November 2018 and are signed on their behalf, by:


Mr C Purchase
Acting Chair of Directors


Mr S Calvert
Director

The notes on pages 27 to 50 form part of these financial statements.

CASTLE Trust
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	(98,267)	116,059
Cash flows from investing activities:			
Purchase of tangible fixed assets		(319,370)	-
Capital grants from DfE Group		347,189	19,488
Net cash provided by investing activities		27,819	19,488
Change in cash and cash equivalents in the year		(70,448)	135,547
Cash and cash equivalents brought forward		757,168	621,621
Cash and cash equivalents carried forward	19	686,720	757,168

The notes on pages 27 to 50 form part of these financial statements.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies

CASTLE Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Delce Academy, The Tideway, Rochester, Kent, ME1 2NJ. The principal activity of the Academy Trust is to provide a primary education for pupils that satisfies the requirements of the Education Act 2002.

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 historical 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

CASTLE Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Directors 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 Directors 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.

1.3 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.4 Income

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

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

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

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

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within income and donations and capital grants.

1.5 Expenditure

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

Expenditure on raising funds 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.

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

All expenditure is inclusive of irrecoverable VAT.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

Assets costing £5,000 or more are capitalised as tangible 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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	2% straight line
Long-term leasehold property	-	over the term of the lease
Fixtures, fittings and equipment	-	10% - 33% straight line

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

1.7 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.8 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.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.9 Liabilities and provisions

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.

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Cash at Bank and in hand

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

1.11 Operating leases: the Academy Trust as lessor

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

1.12 Operating leases: the Academy Trust as lessee

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

1.13 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 basis 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 14. 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 costs as detailed in note 15. 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 instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, 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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Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

Multi-employer defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets

The Academy Trust has recognised tangible fixed assets with a carrying value of £7,070,707 at the reporting date (see note 13). These assets are stated at their cost less provision for depreciation and impairment. The Academy Trust's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the Academy Trust determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the Academy Trust undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the Academy Trust's forecasts for the foreseeable future which do not include any restructuring activities that the Academy Trust is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

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Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

Critical areas of judgement:

Lease commitments

The Academy Trust has entered into a range of lease commitments in respect of plant and equipment. The classification of these leases as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the Academy Trust has acquired the risks and rewards associated with the ownership of the underlying assets.

Multi-employer defined benefit pension scheme

Certain employees participate in a multi-employer defined benefit pension scheme with other Academy Trusts in the region. In the judgement of the directors, the Academy Trust does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 20 for further details.

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer of existing academy joining the Trust	-	-	-	-	3,959,907
Donations	12,590	-	-	12,590	11,418
Devolved formula capital	-	-	18,462	18,462	20,488
Condition improvement fund	-	-	328,727	328,727	-
Subtotal	12,590	-	347,189	359,779	31,906
	12,590	-	347,189	359,779	3,991,813
Total 2017	39,428	(64,324)	4,016,709	3,991,813	

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Notes to the financial statements
For the year ended 31 August 2018

3. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	50,273	-	50,273	22,977
School trip and voluntary fund income	84,142	-	84,142	111,259
Other income	101,663	8,850	110,513	97,711
Supply teacher insurance claims	-	16,551	16,551	-
Catering income	27,145	-	27,145	26,811
	<u>263,223</u>	<u>25,401</u>	<u>288,624</u>	<u>258,758</u>
Total 2017	<u>258,758</u>	<u>-</u>	<u>258,758</u>	

4. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,675,839	3,675,839	2,845,487
Other DfE / ESFA grants	-	385,200	385,200	320,310
	<u>-</u>	<u>4,061,039</u>	<u>4,061,039</u>	<u>3,165,797</u>
Other government grants				
Local Authority grants	-	522,994	522,994	429,772
	<u>-</u>	<u>522,994</u>	<u>522,994</u>	<u>429,772</u>
	<u>-</u>	<u>4,584,033</u>	<u>4,584,033</u>	<u>3,595,569</u>
Total 2017	<u>-</u>	<u>3,595,569</u>	<u>3,595,569</u>	

CASTLE Trust
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Notes to the financial statements
For the year ended 31 August 2018

5. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Activities:					
Direct costs	2,603,673	35,524	620,709	3,259,906	2,544,872
Support costs	1,155,292	423,864	335,596	1,914,752	1,516,656
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total 2018	3,758,965	459,388	956,305	5,174,658	4,061,528
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total 2017	2,933,456	289,049	839,023	4,061,528	
	<hr/>	<hr/>	<hr/>	<hr/>	

6. Analysis of expenditure by activities

	Direct costs 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Expenditure	3,259,906	1,914,752	5,174,658	4,061,528
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2017	2,544,872	1,516,656	4,061,528	
	<hr/>	<hr/>	<hr/>	

Analysis of direct costs

	Total 2018 £	Total 2017 £
Maintenance of furniture & ICT	35,524	21,749
Educational supplies & services	192,450	144,966
Staff development & other staff costs	143,053	148,852
Professional fees - curriculum	285,206	274,367
Wages and salaries	2,082,579	1,553,583
National insurance	202,065	154,280
Pension cost	319,029	247,075
	<hr/>	<hr/>
	3,259,906	2,544,872
	<hr/>	<hr/>
At 31 August 2017	2,544,872	
	<hr/>	

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Notes to the financial statements
For the year ended 31 August 2018

6. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total 2018 £	Total 2017 £
FRS102 pension finance cost (note 12)	13,000	18,000
Staff costs	1,155,292	978,518
Depreciation	155,574	105,137
Maintenance of premises & equipment	176,238	116,502
Rates & water	16,572	474
Insurance	19,900	15,862
Equipment & services - non curriculum	131,243	87,569
Internal audit costs	2,000	2,783
Catering	76,390	58,895
Light & Heat	55,580	29,325
Voluntary fund expenditure	24,628	42,918
Legal and professional fees	70,809	47,939
Auditor's remuneration	9,800	9,450
Auditor's remuneration - other audit costs	5,800	3,284
Other support costs	1,926	-
	<u>1,914,752</u>	<u>1,516,656</u>
At 31 August 2017	<u>1,516,656</u>	

7. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	155,573	105,137
Auditors' remuneration - audit	9,800	9,450
Auditors' remuneration - non audit	5,800	3,476
Operating lease rentals	8,960	8,960
Internal audit costs	2,000	2,783

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Notes to the financial statements
For the year ended 31 August 2018

8. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,865,946	2,162,700
Social security costs	254,563	198,384
Other pension costs	587,275	515,887
	<u>3,707,784</u>	<u>2,876,971</u>
Agency staff costs	51,181	56,485
	<u><u>3,758,965</u></u>	<u><u>2,933,456</u></u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	50	40
Admin and Support	88	80
Management	7	8
	<u>145</u>	<u>128</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	51	40
Admin and Support	44	49
Management	7	8
	<u>102</u>	<u>97</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £100,001 - £110,000	1	1

The employees participated in the Teachers' Pension Scheme and Local Government Pension Scheme. During the year ended 31 August 2018 pension contributions for these employees amounted to £29,577 (2017: £31,274).

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Notes to the financial statements
For the year ended 31 August 2018

8. Staff costs (continued)

d. Key management personnel

The key management personnel of the Academy Trust comprise the Directors and the Senior Leadership Team 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 during the year amounted to £371,216 (2017: £350,252), which includes employer national insurance contributions of £31,442 (2017: £23,312).

9. Central services

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

- Financial services
- Educational support services
- Human resources

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

- On a flat percentage of 6% of the academies General Annual Grant

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Delce Academy	110,750	-
Greenway Academy	63,750	-
	<u>174,500</u>	<u>-</u>
Total	<u><u>174,500</u></u>	<u><u>-</u></u>

10. Directors' remuneration and expenses

One or more Directors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

		2018 £	2017 £
K White (Chief Executive and Director)	Remuneration	105,000-110,000	105,000-110,000
	Pension contributions paid	15,000-20,000	15,000-20,000
J Knight (Staff Governor and Director) (resigned 26 April 2018)	Remuneration	40,000-45,000	65,000-70,000
	Pension contributions paid	5,000-10,000	10,000-15,000

During the year, no Directors received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, expenses totalling £5,763 (2017 - £4,480) were reimbursed to 5 Directors (2017 - 4).

Other related party transactions involving the trustees are set out in note 24.

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Notes to the financial statements
For the year ended 31 August 2018

11. Directors' and Officers' Insurance

The Academy Trust has opted into the Department for 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 Directors and officers indemnity element from the overall cost of the RPA scheme.

12. Other finance expense

	2018 £	2017 £
Interest on pension scheme liabilities	<u>(13,000)</u>	<u>(18,000)</u>

13. Tangible fixed assets

	Freehold land & buildings £	Long-term leasehold property £	Fixtures, fittings and equipment £	Total £
Cost or valuation				
At 1 September 2017	3,855,955	3,035,000	606,428	7,497,383
Additions	304,078	15,292	-	319,370
Disposals	-	-	(34,709)	(34,709)
At 31 August 2018	<u>4,160,033</u>	<u>3,050,292</u>	<u>571,719</u>	<u>7,782,044</u>
Depreciation				
At 1 September 2017	273,545	59,150	257,778	590,473
Charge for the year	64,622	24,475	66,476	155,573
On disposals	-	-	(34,709)	(34,709)
At 31 August 2018	<u>338,167</u>	<u>83,625</u>	<u>289,545</u>	<u>711,337</u>
Net book value				
At 31 August 2018	<u>3,821,866</u>	<u>2,966,667</u>	<u>282,174</u>	<u>7,070,707</u>
At 31 August 2017	<u>3,582,410</u>	<u>2,975,850</u>	<u>348,650</u>	<u>6,906,910</u>

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

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Notes to the financial statements
For the year ended 31 August 2018

14. Debtors

	2018 £	2017 £
Trade debtors	-	1,000
VAT recoverable	6,858	18,749
Prepayments and accrued income	82,547	41,140
	<u>89,405</u>	<u>60,889</u>

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	83,371	-
Other taxation and social security	63,718	74,142
Other creditors	58,503	53,984
Accruals and deferred income	7,400	153,779
	<u>212,992</u>	<u>281,905</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2015	143,280	249,659
Resources deferred during the year	-	143,280
Amounts released from previous years	(143,280)	(249,659)
	<u>-</u>	<u>143,280</u>

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Notes to the financial statements
For the year ended 31 August 2018

16. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	187,635	275,813	(43,639)	(185,690)	-	234,119
Restricted funds						
General Annual Grant (GAG)	100,272	3,675,839	(3,656,854)	35,690	-	154,947
Other DfE/ESFA Grants	194,665	385,200	(462,547)	-	-	117,318
Other Government Grants	-	522,994	(522,994)	-	-	-
Other Income	-	25,401	(25,401)	-	-	-
Pension reserve	(572,000)	-	(283,000)	150,000	281,000	(424,000)
	(277,063)	4,609,434	(4,950,796)	185,690	281,000	(151,735)
Restricted fixed asset funds						
Restricted Fixed Asset Fund	6,906,910	-	(155,573)	319,370	-	7,070,707
Other DfE/ESFA Capital Grants	53,580	347,189	(24,650)	(319,370)	-	56,749
	6,960,490	347,189	(180,223)	-	-	7,127,456
Total restricted funds	6,683,427	4,956,623	(5,131,019)	185,690	281,000	6,975,721
Total of funds	6,871,062	5,232,436	(5,174,658)	-	281,000	7,209,840

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

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

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

Other DfE/ESFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

Other government grants represent those grants provided for specific purposes to provide additional support to the pupils where required.

The Restricted Fixed Asset Fund represents the leasehold buildings which were donated upon conversion to Academy status.

The DfE/ESFA capital grants fund is to provide the Academy Trust with its own capital money to address improvements to buildings and other facilities.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit

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Notes to the financial statements
For the year ended 31 August 2018

16. Statement of funds (continued)

on the amount of GAG that it could carry forward at 31 August 2018.

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Delce Academy	367,224	417,891
Greenway Academy	22,067	64,681
Castle Trust	117,093	-
Total before fixed asset fund and pension reserve	506,384	482,572
Restricted fixed asset fund	7,127,456	6,960,490
Pension reserve	(424,000)	(572,000)
Total	7,209,840	6,871,062

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Delce Academy	1,749,986	840,108	146,352	575,079	3,311,525	3,063,009
Greenway Academy	853,686	328,185	75,897	344,668	1,602,436	893,382
Castle Trust	-	-	5,725	99,398	105,123	-
	2,603,672	1,168,293	227,974	1,019,145	5,019,084	3,956,391

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Notes to the financial statements
For the year ended 31 August 2018

16. Statement of funds (continued)

on the amount of GAG that it could carry forward at 31 August 2018.

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Castle Trust	117,093	94,681
Greenway Academy	25,067	417,891
Deice Academy	397,254	-
Total before fixed asset fund and pension reserve	539,414	485,572
Pension reserve	(424,000)	(25,000)
Restricted fixed asset fund	7,127,426	8,960,460
Total	7,209,840	9,871,092

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Castle Trust	2,603,872	4,168,203	527,974	1,019,142	8,329,191	3,926,391
Greenway Academy	823,686	328,182	72,897	344,688	1,602,436	803,385
Deice Academy	1,749,386	840,108	146,322	272,079	3,311,252	3,068,009

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Notes to the financial statements
For the year ended 31 August 2018

16. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds	149,771	298,186	(260,322)	-	-	187,635
Restricted funds						
General Annual Grant (GAG)	8,039	2,857,163	(2,633,391)	(131,539)	-	100,272
Other DfE/ESFA Grants	222,261	320,310	(347,906)	-	-	194,665
Other Government Grants	-	429,772	(429,772)	-	-	-
Pension reserve	(836,000)	(76,000)	(285,000)	115,000	510,000	(572,000)
	<u>(605,700)</u>	<u>3,531,245</u>	<u>(3,696,069)</u>	<u>(16,539)</u>	<u>510,000</u>	<u>(277,063)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Fund	2,998,287	3,997,221	(105,137)	16,539	-	6,906,910
Other DfE/ESFA Capital Grants	34,092	19,488	-	-	-	53,580
Total restricted funds	<u>2,426,679</u>	<u>7,547,954</u>	<u>(3,801,206)</u>	<u>-</u>	<u>510,000</u>	<u>6,683,427</u>
Total of funds	<u>2,576,450</u>	<u>7,846,140</u>	<u>(4,061,528)</u>	<u>-</u>	<u>510,000</u>	<u>6,871,062</u>

17. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	7,070,707	7,070,707
Current assets	234,119	485,257	56,749	776,125
Creditors due within one year	-	(212,992)	-	(212,992)
Provisions for liabilities and charges	-	(424,000)	-	(424,000)
	<u>234,119</u>	<u>(151,735)</u>	<u>7,127,456</u>	<u>7,209,840</u>

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Notes to the financial statements
For the year ended 31 August 2018

17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £	2017 £	2017 £	2017 £
Tangible fixed assets	-	-	6,906,910	6,906,910
Current assets	187,635	576,842	53,580	818,057
Creditors due within one year	-	(281,905)	-	(281,905)
Provisions for liabilities and charges	-	(572,000)	-	(572,000)
	<u>187,635</u>	<u>(277,063)</u>	<u>6,960,490</u>	<u>6,871,062</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	57,778	3,784,612
Adjustment for:		
Depreciation charges	155,573	105,137
Profit on the sale of fixed assets	-	(16,540)
Increase in debtors	(28,516)	(9,250)
(Decrease)/increase in creditors	(68,913)	22,808
Capital grants from DfE and other capital income	(347,189)	(19,488)
Defined benefit pension scheme cost less contributions payable	120,000	152,000
Defined benefit pension scheme finance cost	13,000	18,000
Existing academies transferred into the Trust	-	(3,921,220)
Net cash (used in)/provided by operating activities	<u>(98,267)</u>	<u>116,059</u>

19. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	686,720	757,168
Total	<u>686,720</u>	<u>757,168</u>

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Notes to the financial statements
For the year ended 31 August 2018

20. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £58,503 were payable to the schemes at 31 August 2018 (2017 - £53,976) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £319,028 (2017 - £247,075).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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20. Pension commitments (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £196,000 (2017 - £151,000), of which employer's contributions totalled £150,000 (2017 - £115,000) and employees' contributions totalled £46,000 (2017 - £36,000). The agreed contribution rates for future years are 20.0% for employers in Kent, 19.8% for employers in West Sussex and 5.5 to 12.5% for employees.

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

Kent County Council Pension Fund

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
Inflation assumption (RPI)	3.30 %	3.60 %

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

	2018	2017
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

West Sussex County Council Pension Fund

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.00 %	3.10 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %
Inflation assumption (CPI)	2.30 %	2.40 %
Inflation assumption (RPI)	3.30 %	3.40 %

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20. Pension commitments (continued)

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

	2018	2017
Retiring today		
Males	23.6	23.6
Females	25.0	25.0
Retiring in 20 years		
Males	26.0	26.0
Females	27.8	27.8

	At 31 August 2018	At 31 August 2017
	£	£
Sensitivity analysis (Kent Pension Fund)		
Discount rate +0.1%	(27,000)	(25,000)
Discount rate -0.1%	27,000	25,000
Mortality assumption - 1 year increase	48,000	44,000
Mortality assumption - 1 year decrease	(46,000)	(43,000)
CPI rate +0.1%	26,000	23,000
CPI rate -0.1%	(26,000)	(22,000)

Sensitivity analysis (West Sussex Pension Fund)

Discount rate +0.5%	£114,000	£112,000
Salary rate +0.5%	£24,000	£23,000
Pension rate +0.5%	£88,000	£87,000

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

	Fair value at 31 August 2018	Fair value at 31 August 2017
	£	£
Equities	1,142,000	975,000
Gilts	8,000	6,000
Other bonds	389,000	361,000
Property	192,000	162,000
Cash	57,000	49,000
Absolute return fund	68,000	32,000
Total market value of assets	1,856,000	1,585,000

The actual return on scheme assets was £91,000 (2017 - £173,000).

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20. Pension commitments (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(270,000)	(267,000)
Interest cost	(13,000)	(18,000)
	<u>(283,000)</u>	<u>(285,000)</u>
Total	<u>(283,000)</u>	<u>(285,000)</u>
Actual return on scheme assets	<u>91,000</u>	<u>173,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	2,157,000	1,450,000
Transferred in on existing academies joining the trust	-	750,000
Current service cost	270,000	267,000
Interest cost	56,000	45,000
Employee contributions	46,000	36,000
Actuarial gains	(233,000)	(379,000)
Benefits paid	(16,000)	(12,000)
	<u>2,280,000</u>	<u>2,157,000</u>
Closing defined benefit obligation	<u>2,280,000</u>	<u>2,157,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,585,000	614,000
Upon conversion	-	674,000
Interest income	43,000	27,000
Actuarial losses	48,000	131,000
Employer contributions	150,000	115,000
Employee contributions	46,000	36,000
Benefits paid	(16,000)	(12,000)
	<u>1,856,000</u>	<u>1,585,000</u>
Closing fair value of scheme assets	<u>1,856,000</u>	<u>1,585,000</u>

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21. Operating lease commitments

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	£	£
Amounts payable:		
Within 1 year	9,711	9,711
Between 1 and 5 years	7,318	17,029
	<hr/>	<hr/>
Total	17,029	26,740
	<hr/> <hr/>	<hr/> <hr/>

22. Lessor arrangements

At 31 August 2018 the total of the Academy Trust's future minimum lease receipts under non-cancellable operating leases was:

	2018	2017
	£	£
Within 1 year	30,000	30,000
Between 1 and 5 years	120,000	120,000
After more than 5 years	270,000	300,000
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

23. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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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24. Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

During the year Mrs S King, the wife of Mr R King (a Director) continued to provide services as a free-lance teacher to CASTLE Trust. The cost to the Trust was £18,375 (2017: £14,335). There were no amounts outstanding at 31 August 2018 (2017: £nil). Mrs S King is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Director.

The Academy Trust made the transaction at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr R King neither participated in, nor influenced.

During the year Mrs H Russell, the sister of Mrs J Knight (a Director) was employed by CASTLE Trust as a class teacher for which she received remuneration of £30,000 – 35,000 (2017: £30,000 – 35,000). There were no amounts outstanding at 31 August 2018 (2017: £Nil). The Academy Trust made the appointment in accordance with its financial regulations prior to academy conversion, which Mrs J Knight neither participated in, nor influenced and the Trustees are comfortable that Mrs H Russell's salary provides value for money and is not at a preferential rate.

In entering into the above transactions the Trust has complied with the requirements of the ESFA's Academies Financial Handbook.

25. Controlling party

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the Board of Directors. There is no ultimate controlling party.