
Castle School Education Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements
For the Year Ended 31 August 2020



Castle School Education Trust
(A Company Limited by Guarantee)

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Reference and Administrative Details

Members	Rhona Allgood Helen Harrison Stuart Hill Jason Lugg Clive Parkinson
Trustees	Susannah Hill, Chair ¹ Simon MacSorley, Vice Chair ¹ Rhona Allgood ¹ Margaret Cook (resigned 19 October 2019) ¹ William Roberts, Chief Executive and Accounting Officer ¹ Andrew Levitt ¹ Colin McDougall ¹ Christopher White-Horne ¹ Paul Harrod (resigned 1 June 2020) ² Rhiannon Clancy ² Jayne Prior ² Grace Horton (appointed 6 October 2020) ¹ David Moran (appointed 14 January 2020) ¹ Appointed by members ² Appointed by the Trust
Company registered number	08397975
Principal and registered office	Mangotsfield School Rodway Hill Bristol BS16 9LH
Company secretary	Susan Brobyn
Senior management team	William Roberts, Chief Executive and Accounting Officer Susan Brobyn, Director of Finance and Operations Helen Glass, Director of Education James Richardson, Director of Strategy
Independent auditor	BDO LLP Bridgewater House Counterslip Bristol BS1 6BX
Bankers	Lloyds Bank Plc High Street Chipping Sodbury BS37 6AW

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Reference and Administrative Details (continued)
For the Year Ended 31 August 2020

Solicitors	Veale Wasbrough Vizards LLP Orchard Court Orchard Lane Bristol BS1 5WS
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Schools	The Castle School Charfield Primary School Downend School Lyde Green Primary School Mangotsfield School Marlwood School Severn Beach Primary School
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Castle School Education Trust
(A Company Limited by Guarantee)

Trustees' Report
For the Year Ended 31 August 2020

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2019 to 31 August 2020.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2019/20 issued by the ESFA.

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

Castle School Education Trust (CSET) operates four secondary schools and three primary schools in South Gloucestershire. There were 5,094 students on roll across the schools in the school census on 1 October 2020.

Structure, governance and management

Constitution

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

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

Details of the trustees of CSET who served during the year to 31 August 2020 and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

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

Castle School Education Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2020

Structure, governance and management (continued)

Method of recruitment and appointment or election of Trustees

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

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

Trustees are appointed for a four year period, then may be re-appointed or re-elected subject to eligibility. For further recruitment details please refer to Governance section page 23 'Board of Trustees'.

Policies adopted for the induction and training of Trustees

The training and induction provided for new trustees depends on their existing experience and is tailored to the individual. Where necessary, induction will provide training on charity and educational legal and financial matters. New trustees unfamiliar with CSET's schools will be given a tour of the schools and the chance to meet with staff and pupils. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role.

Organisational structure

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

The Board of Trustees is responsible for setting long-term strategy and the policies that will achieve the aims and objectives of the Trust. The trustees will also approve the budget and the annual report and accounts, and ensure that each school's Local Governance Committee is effectively monitoring the performance of each school. The trustees appoint a Chief Executive Officer to provide executive leadership of the Trust's activities. The Chief Executive Officer is the line manager of each of the Headteachers.

The schools' SLTs control the schools at an executive level, implementing and reporting back on the policies approved by the Board of Trustees or LGC. As a group, each SLT is responsible for the day to day management of the school, authorisation of expenditure within agreed budgets and the appointment of staff, though appointment panels for posts in the SLT would normally include a Governor and the Chief Executive Officer of the Trust. Financial commitments are controlled through the application of a scheme of delegated authority to budget holders within the school.

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Trustees' Report (continued)
For the Year Ended 31 August 2020

Structure, governance and management (continued)

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Trust comprise the trustees and the executive leadership team listed in the reference and administrative details on page 1. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

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

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time	£000	
Total cost of facility time	-	
Total pay bill	-	
Percentage of total pay bill spent on facility time	-	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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Castle School Education Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2020

Structure, governance and management (continued)

a. Related parties and other connected charities and organisations

Related parties and other connected charities and organisations

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

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

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

Engagement with employees (including disabled persons)

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

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

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Trustees' Report (continued)
For the Year Ended 31 August 2020

Structure, governance and management (continued)

S172 statement

In this unusual year where schools closed in March, the Trustees, via the CEO and school leaders, have ensured that they have been able to promote staff safety, welfare and good practice through regular Leadership communications to staff, students and parents on actions the Trust is taking during the Covid pandemic. This has taken the form of regular email updates, links to DfE and Government guidance and how this affects CSET policies, working practices and educational impact.

The Trustees have been able to provide an external view on the Covid Risk Assessments and school Opening Frameworks by making site visits to ensure compliance and understanding for stakeholders. This has had the effect of raising staff and parental confidence that the systems in place will keep both students and staff safe.

The Trust has had due regard to the PPN (Procurement Policy Notes) issued by Government so that it has complied with maintaining payments to suppliers, even though the original contract or supply terms were interrupted. This has ensured that good relationships with external suppliers and stakeholders has been maintained.

CSET also undertook the decision to refund parental contributions for school trips and visits, which would not be able to continue due to the Covid pandemic. It was important to the Trust that parents received their refunds promptly and in a systematic way to ensure financial compliance and continued good relationships and communication channels with parents during the process.

Promoting the success of the company

As the custodian of large amounts of public funding and having responsibility for over 5,000 children and young people as well 700 members of staff the company recognises its impact upon local communities and the need to ensure all facets of its operations continue to improve.

Trustees have a clear vision for the growth of the Castle School Education Trust in line with its objectives. The Trust aims to advance for the public benefit education in South Gloucestershire and the surrounding area. The Trust provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

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Trustees' Report (continued)
For the Year Ended 31 August 2020

Objectives and activities

Objects and aims

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

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

The aims of the Trust during the year to 31st August 2020 are summarised below:

- Objective 1 – 'Every School a Great School'
- Objective 2 – 'Building a Coherent and Sustainable Trust'
- Objective 3 – 'Broadening our Impact'.

Objectives, strategies and activities

CSET's strategic objectives for the period to August 2020 were detailed in the CSET Strategy under the following headings:

Objective 1 – 'Every School a Great School'

- 1.1 Leadership & School Improvement
- 1.2 Shared Curriculum
- 1.3 Teaching, pedagogy & teacher development
- 1.4 Assessment & intervention
- 1.5 Ethos, inclusion, safeguarding & personal development

Objective 2 – 'Building a Coherent and Sustainable Trust'

- 2.1 Governance, compliance & trust leadership
- 2.2 People Strategy
- 2.3 Financial Strategy
- 2.4 Facilities & Capital Strategy
- 2.5 IT Strategy

Objective 3 – 'Broadening our Impact'

- 3.1 Develop and grow provision at existing schools
- 3.2 New Lyde Green schools open in 2022
- 3.3 Actively explore opportunities for additional schools to join CSET
- 3.4 CSET Partnerships
- 3.5 Reputational & Communications

Key activities and targets were identified in the School Improvement Plans and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding, including responding to the challenges brought by Covid-19, the initial school closures and the need to introduce remote teaching.

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Trustees' Report (continued)
For the Year Ended 31 August 2020

Objectives and activities (continued)

Public benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Trust's aims and objectives and in planning its future activities.

The Trust aims to advance for the public benefit education in South Gloucestershire and the surrounding area.

The Trust provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

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Trustees' Report (continued)
For the Year Ended 31 August 2020

Strategic report

Achievements and performance

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

A broad, balanced, and inclusive curriculum is in place which is aspirational and challenging and which provides appropriate pathways for all students as they move through their education. We develop character in our students so that they are well rounded, have breadth of experience, are resilient in the face of challenge, and ready to play a positive role as future citizens.

The Trust has appointed a Trust Leadership Team to provide strategic direction and increased support to its schools. The Trust is increasingly aligning educational provision, drawing on best practice within the sector.

Operations are increasingly aligned in order to generate financial efficiencies and improve the effectiveness of operational support to schools. The Trust is financially solvent and capable of supporting its vision and plan. High level relationships with regional agencies are maintained which help us to navigate funding changes and ensure we remain appropriately funded and financially sustainable. The HR and IT Teams are centralised, and the Finance function has been reviewed and updated under the guidance of the Director of Finance and Operations, with the appointment of two new qualified staff in a Finance Manager role to strengthen the team. The aim has been to support the delivery of inspirational teaching and learning and protecting and extending the life expectancy of the buildings which are shared with and valued by the community.

The Trust has secured a major capital investment program of £14.25M in conjunction with South Gloucestershire Council that will enhance two school sites and bring long overdue investments to replace temporary buildings, improve the condition of permanent buildings, and reconfigure school facilities to provide a suitable learning environment for current students as well as future generations. It is anticipated that detailed planning works will commence in 2021 with completion anticipated in 2022 at Marlwood School and 2023 at The Castle School.

The CSET Sports Partnership continues to provide valuable support to local primary and secondary schools, including the organisation of sporting competitions and sports provision for primary schools. This programme has been delivered throughout the Covid-19 period via remote and virtual sessions. The CSET IT Partnership provides traded support to local primary schools and this has also been delivered remotely and at weekends to comply with government Covid-19 guidance. Both partnerships have grown during the course of the last year and are operated through CSET's trading subsidiary, Premium Partners Limited.

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

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

National examinations and assessments were cancelled in March 2020 due to the Covid-19 pandemic. Therefore, there are no externally published accountability measures for CSET schools for the 2019/20 academic year.

The Castle School, which was the founding CSET school in March 2013, is the second largest school in South Gloucestershire, and had 1556 students on roll in 2019-20. The school remains popular with parents, attracting a significant number of families from outside the school's catchment area. Overall, the progress of students at the end of Year 11 and Year 13 was in line with the national average. The Castle School was judged "Good" by Ofsted in January 2016.

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Trustees' Report (continued)
For the Year Ended 31 August 2020

Strategic report (continued)

Achievements and performance (continued)

Charfield Primary School joined CSET as a sponsored academy in September 2013. The school improved from "Special Measures" to "Outstanding" in its first academy inspection in July 2015. The school continues to perform well, with attainment in the new Key Stage 2 tests above national average in all areas, and progress in line with national averages. Outcomes in national assessments at the end of Reception, Year 1 and Year 2 also remain strong. Numbers at Charfield remain stable with 199 students on roll in 2019-20.

Severn Beach Primary School joined CSET as a sponsored academy in September 2014. The school has benefitted from closer links with other local schools in the trust, and in 2019 was judged Good for the first time in the history of the school. The school has grown in popularity since joining the trust with 134 on roll in 2019-20. Pupil progress has improved significantly over the last three years and is now in line with national averages.

Marlwood School joined CSET as a sponsored academy in November 2014. Over the last decade, overall numbers have declined significantly with 432 students on roll in 2019-20, causing further budgetary and curriculum pressures, however numbers are now recovering with a rising number of students joining in Year 7. Overall, the progress of students at the end of Year 11 was below the national average although there is now a strong trend of improvement. Marlwood School was removed from Special Measures by Ofsted in December 2019, achieving 'Good' judgements in the majority of categories.

Lyde Green Primary School opened in September 2015 in temporary accommodation at Downend School, and moved to a purpose built building in Lyde Green in September 2016. The school had 261 students in Years Reception, 1, 2, 3 and 4 in 2019, with pupil numbers exceeding original projections and an additional class taken in Reception to meet parental demand. There were 356 on roll in 2019-20. Attainment and progress are above the national average. Lyde Green Primary School was judged Good in all categories at its first inspection in July 2018.

Mangotsfield School joined CSET in September 2015 as a sponsored academy, and had 1062 students on roll in 2019-20. Significant changes have been made to the ethos and curriculum provision of the school. Overall, the progress of students at the end of Year 11 was below the national average, although there is a strong trend of improvement. Mangotsfield School was judged 'Requires Improvement' by Ofsted in March 2018. A new Headteacher was appointed in January 2020.

Downend School joined CSET in May 2016 and had 1315 students on roll across all year groups. Overall, the progress of students at the end of Year 11 and Year 13 is in line with the national average. Downend School was judged "Good" by Ofsted in January 2019.

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Trustees' Report (continued)
For the Year Ended 31 August 2020

Strategic report (continued)

Achievements and performance (continued)

Key performance indicators

The financial key performance indicators have been set by the Trustees, are the requirement that the financial position should remain sufficient to fund future needs and resources are used effectively, with pupil numbers representing the basis for much of the funding. Pupil numbers for 2020 were 5094, an increase of 135 over 2019. It is anticipated that this number will continue to rise.

The Trustees are reviewing, through the use of Integrated Curriculum-led Financial Planning (ICFP), the Key Performance Indicators that would be the most effective to monitor the Trust schools. The Trust reserves target is 5%.

All Primary schools are showing Attainment progress in line with, or above national averages. In addition, Charfield, in key stage 2 tests, attained above national average in all areas and, Lyde Green was judged 'Good' by Ofsted in all categories at its first inspection.

The majority of Secondary Schools are judged as 'Good' by Ofsted, and show an improving trend

For further information, please refer to the section above

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Trustees' Report (continued)
For the Year Ended 31 August 2020

Strategic report (continued)

Achievements and performance (continued)

Going concern

The Trustees have been provided with a range of financial information during the course of the year to enable them to make an assessment that the Trust is a going concern. Information has included discussions on short term aspects (increases in pension and National Insurance on-costs, detailed budget planning at cost centre level, 3-5 year forward plan, review of the financial scheme of delegation, and pay progressions), and longer term aspects (cash flow management, contracts management reviews, reserves policy, student number predictions and forecasts), plus the impact of Covid-19 on the organisation as a whole.

The Trustees are aware that future General Annual Grant income from the Department for Education is guaranteed on a per pupil basis as part of the school's Funding Agreement. This provides legal certainty of the availability of public funds for at least 7 years. The Trust is dependent on this funding in order to continue as a going concern.

The Trustees have also ensured they are appropriately skilled, have reviewed information in relation to the Trust's strategic priorities, updated and refined the Trust risk assessment, ensured that budget planning has been based on a 'needs led' basis and have had information regarding benchmarking and ICFP metrics.

Specific planning has been done to ensure appropriate sums have been set aside to cover exceptional costs arising from the current Pandemic and this has been included, where possible, in forward budget planning and for the period until 31 August 2022. To note that the Trust are, like all other educational establishments, subject to potential changes in government funding and this has been reactive to the situational need, i.e. Covid exceptional grant funding. Therefore, these items may not be covered in future scenario planning.

Our detailed forward planning for the years AY2020-21 and AY2021-22 has taken into account projected student numbers, which are increasing, and additional funding due to the implementation of the National Funding Formula. However, it also includes for 3% teacher and 2% support staff cumulative pay increases which may be above the levels suggested by government. This is reflected in our modelling showing a net deterioration in free reserves of approximately £23k. Identified risks are:

- **Exceptional Covid Costs** – costs of additional cleaning materials, PPE and janitor time (potentially an additional £129k). However, there is the potential to re-tender this contract in June 2021 and negotiate different and more inclusive terms, driving costs down via an extended contract term
- **Staff cover costs** – this is being reviewed as part of the ICFP financial models and also as part of an HR review and strengthening of KPI monitoring. Worst case scenario is a deficit to budget of £25k for AY20-21. To note that the current government Coronavirus Workforce Fund may be able to mitigate some of the additional supply costs.
- **Student losses** - funding for students is on a lagged basis so losses in student numbers will not affect the AY20-21 grant funding which is already fixed. Funding for AY21-22 will be based on actual student numbers in the current financial year which have been recorded in the latest census submissions already. Initial data suggests the Trust numbers are increasing so income would rise accordingly
- **Lettings** – these are not material for the AY19-20, reduced income of £3.8k, and are contained in PPL Ltd for future years. The schools do not budget for any Deed or Gift Aid from PPL Ltd, so there is no anticipated loss of income.

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Trustees' Report (continued)
For the Year Ended 31 August 2020

Strategic report (continued)

Achievements and performance (continued)

Going concern (continued)

- Catering costs – due to restrictions in the length of break times and zoning of school areas so that students stay within Year group 'bubbles', the opportunity for students to access some catering has been reduced. It is anticipated that the current model will be in place for the whole of the Academic year in 20-21. The impact on catering is an anticipated deficit to budget of £50k.
- Overall, the worst-case scenario is an impact to budget for AY20-21 of c. £75k

The Trustees, supported by the Trust Executive Team, have considered the above factors alongside the current reserves position and consequently, the Trustees have concluded that the Trust is well placed to manage its business risks successfully despite the current uncertain national economic outlook. The Trustees have assessed 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 Trust to continue as a going concern. This assessment has been made in respect of a period of one year from the date of the approval of the financial statements. As a result of this assessment, the Trustees have concluded that the going concern basis of accounting in preparing these annual financial statements is appropriate.

CSET don't believe recent school closures, due to Covid-19, will have a negative impact on the Going Concern of the Trust. Pupils are being home-schooled via interactive lesson plans and the Government is committed to continue with the funding of Academy Trusts. In addition, the Government has recently committed to continue support for free school meals during these school closures.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

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Trustees' Report (continued)
For the Year Ended 31 August 2020

Strategic report (continued)

Achievements and performance (continued)

Financial review

Most of the Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, based on student numbers, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2020 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the year ended 31 August 2020, the Trust had total income receivable of £28,746k (2019: £27,597k) and incurred total expenditure of £30,765k (2019: £29,809k). Net expenditure for the year was £2,019k (2019: £2,212k).

The ESFA may provide the Trust with additional grants which are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/ESFA grants.

Where we receive grant or other funding from Local Authorities (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as other government grants. Such income is collectively referred to as "Restricted Funds". Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the Trustees.

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

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

At 31 August 2020 the net book value of fixed assets was £60,657k (2019: £63,387k) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The land, buildings and other assets were transferred to the Trust upon conversion. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 26 to the financial statements.

Castle School Education Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2020

Strategic report (continued)

Achievements and performance (continued)

Financial review (continued)

Key financial policies adopted or reviewed during the year include the Financial Responsibilities and Procedures guide which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending.

During the year under review, there was a deficit of £769k (2019: £746k) on general restricted funds, a surplus of £139k (2019: deficit of £62k) on unrestricted funds and after LGPS valuation adjustments, depreciation and capital income and expenditure, an overall deficit of £1,986k (2019: £6,874k).

The Trust's net current assets balance and the cash position remains strong, with a total of £3,061k (2019: £2,362k) in hand and at bank or on short term deposit.

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

Reserves policy

The Trustees review the reserve levels of the Trust at least annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The aim is to ensure that adequate reserves are built up and maintained to ensure the stability of the Trust and individual schools' operations, to protect it so it has the ability to adjust quickly to financial circumstances, such as large unplanned expenditure, cyclical maintenance and working capital requirements. The Trust also needs to be regarded as a Going Concern.

The minimum target for the restricted and unrestricted reserves (excluding the pension deficit) combined should be equal to one month's average payroll costs (c. £449k AY20-21) plus any significant known changes in year. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies (i.e. urgent maintenance, Covid related items).

At the 31st August the unrestricted (not designated) reserves totalled £1,019,000 (2019 £877,000).

The defined benefit pension scheme reserve has a negative balance of £14,294,000 (2019: £13,536,000). The effect of the deficit position of the pension scheme is that the Trust is paying higher employers' pension contribution over a number of years. The higher employers' pension contribution will be met from the Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any impact on the unrestricted reserves of the Trust.

In addition, the Trustees have reviewed the future plans of the Trust and have allocated from the restricted fixed asset reserve as follows:

- £2,500,000 towards the combined Capital plans for Marlwood and The Castle Schools. This is SCA Capital funding that has been specifically held back for this purpose and is part of a larger £14,250,000 project which is co-funded by South Gloucestershire Council
- £1,104,418 towards localised school Asset Management Plans which will ensure high quality learning environments, including installation of energy efficient systems where possible, in line with the Trust strategic plan

Castle School Education Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2020

Investment policy

Due to the nature and timing of receipt of funding, the Trust may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

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

The Trust manages its cash by reviewing short- and medium-term requirements for funds. The policy is to invest temporary surplus amounts in easy access bank deposit accounts. There are currently no long-term investments made by the Trust. The situation will be reviewed to ensure the Trust maximises the return on its cash reserves. The day to day management of the treasury function is controlled by the Chief Financial Officer (Director of Finance and Operations).

Principal Risks and Uncertainties

The Board of Trustees has overall responsibility for managing risk, driven by consideration of the principal risks of significant failure. The CSET Risk Management Strategy has been informed by the 'Academy trust risk management' guidance published by the ESFA.

The Trust has continued to strengthen its risk management process throughout the year by reviewing, updating and improving the process through a regular review process overseen by the Audit and Risk Committee.

The Trust has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Trust. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

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

The identified risks and uncertainties document in the Trust risk register are as follows:

- The quality of education provided by CSET schools falls below national expectations
- CSET does not recruit, train and retain the high calibre staff required to achieve its objectives
- Weak governance & executive leadership
- Poor reputation and public perception of CSET
- CSET does not grow, restricting future ability to fulfil strategic objectives
- Failure to control expenditure within income levels
- Pupil Numbers fall below Admission Numbers
- Children are not properly safeguarded
- Failure to fulfil regulatory requirements in Operations areas
- Buildings at The Castle School and Marlwood School become unusable due to unresolved condition issues
- Failure to secure additional school places required at Lyde Green
- Failure to secure rapid improvement at Mangotsfield School
- Immediate response to Covid-19 not adequately managed

Castle School Education Trust
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2020

Principal Risks and Uncertainties (continued)

The Trustees review performance against budgets and overall expenditure by means of regular management accounts and update reports at the Finance and Resources Committee meetings.

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Our fundraising practices

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the Trustees can declare that CSET does not undertake any formal fundraising activity, either directly or through professional fundraisers. Consequently, the Trust has not voluntarily subscribed to any fundraising standards or regulation. Volunteers from parent teacher associations or friends' groups do raise funds on behalf of Trust schools with support from staff, but this valuable work is not directed or monitored by the Trust.

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

Castle School Education Trust
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2020

Streamlined energy and carbon reporting

The Trust is reporting under this new section as we have Gross (total assets) of greater than £18m and more than 250 employees, and consumes more than 40,000 kWh of energy in a reporting period.

The Trust's greenhouse gas emissions and energy consumption are as follows:

	2020
Energy consumption used to calculate emissions (kWh)	7,478,262
Energy consumption breakdown (kWh):	
Gas	5,362,776
Electricity	2,093,465
Transport fuel	22,021
Scope 1 emissions (in tonnes of CO2 equivalent):	
Gas consumption	988
Owned transport	1
Total scope 1	989
Scope 2 emissions (in tonnes of CO2 equivalent):	
Purchased electricity	736
Scope 3 emissions (in tonnes of CO2 equivalent):	
Business travel in employee-owned or rental vehicles	4
Total gross emissions (in tonnes of CO2 equivalent):	1,729
Intensity ratio:	
Tonnes of CO2 equivalent per pupil	0.39

The Trust has followed and used the following quantification and reporting methodologies:

- the 2019 HM Government Environmental Reporting Guidelines;
- the GHG Reporting Protocol - Corporate Standard; and
- the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity ratio

The chosen intensity ratio is total gross emissions in tonnes of CO2 equivalent per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

As part of the multi-million capital project earmarked for The Castle School and Marlwood School, we are ensuring that we have taken steps to increase energy efficiency throughout these two sites.

Utilising the remaining SCA capital funds we plan to maximise energy efficiency as much as we can by an agreed rolling programme of energy efficient modifications.

Castle School Education Trust
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2020

Streamlined energy and carbon reporting (continued)

As a result of Covid-19 we have reduced inter-site travel from staff, utilising video conferencing instead, and have reviewed usage of cleaning materials and associated items to ensure that we use the most effective and environment friendly materials open to us.

Plans for future periods

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

Following the notification of a successful capital funding bid for the development of The Castle School and Marlwood School, the Trust is now undertaking feasibility studies and working through various planning stages. The Board of Trustees has made a commitment of £2.5M towards the development plans (in addition to £14.25M funding from South Gloucestershire Council) to ensure the continued success of both schools for future students.

Funds held as custodian on behalf of others

The Trust holds £28,114 in respect of 16-19 bursary funds.

Disclosure of information to auditor

Insofar as the Trustees are aware:

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

Auditor

The Board of Trustees are proposing, in the interest of Best Practice, our intention to re-tender the contract for audit. BDO LLP will be invited to submit a tender response.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 18th January 2021 and signed on its behalf by:



Susannah Hill
Chair of Board of Trustees

Castle School Education Trust
(A Company Limited by Guarantee)

Governance Statement

Scope of responsibility

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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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

Castle School Education Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 12 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Susannah Hill, Chair	12	12
Simon MacSorley, Vice Chair	12	12
Rhona Allgood	12	12
William Roberts, Chief Executive and Accounting Officer	12	12
Andrew Levitt	11	12
Colin McDougall	8	12
Christopher White-Horne	10	12
Paul Harrod	8	8
Rhiannon Clancy	8	12
Jayne Prior	11	12
David Moran	9	10

There are three core functions of governance:

- ensuring clarity of vision, ethos and strategic direction
- holding executive leaders to account for the educational performance of the schools and their pupils and the performance management of staff
- overseeing the financial performance of the school and making sure that its money is well spent - including the pupil premium

The governance arrangements should support the Trust to provide high quality education in all its schools

Members

Members hold the Trustees to account for the governance of the Trust. The members appoint 9 of the Trustees. CSET currently has 5 members.

Members meet formally twice a year including the Annual General Meeting. The Board submits an annual report on the performance of the Trust to the members.

In July 2020, the meeting with the members also reviewed the quality of governance of the Trust since the start of the school closures in March 2020 as a response to Covid-19. The members were positive in their endorsement and agreed the lessons which had been learned through the school significant closures.

Castle School Education Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

Board of Trustees

The purpose of governance is to ensure that CSET achieves its mission by:

- setting the ethos, culture and vision
- making decisions about policy and strategy
- overseeing and scrutinising organisational performance
- ensuring organisational accountability

There are currently 10 Trustees with 2 vacancies. During the year, two Trustees have resigned and one new Trustee has been appointed. Regular skills audits and evaluations of the effectiveness of the Board determine the skill requirements for recruiting to a Trustee vacancy. The skills audit showed a need to recruit for Trustees with finance and HR experience which is currently underway. In addition, all Trustees must be skilled, knowledgeable, and able to confidently support and challenge the leadership of a group of schools.

To secure continued improvement, the Trust commissioned the Ambition Institute to review the Trust at all levels in December 2019. The review was very positive about the progress which has been made by the Trust and gave some clear recommendations, including for governance, to help accelerate that progress. The Trust is now implementing these recommendations and the review team will be invited back to review progress during the next academic year.

To strengthen governance, the Audit and Risk Committee was formally constituted in September 2019. Until then, its remit had been covered through the Finance and Resources Committee.

The current scheme of delegation is outlined in summary in the Quick Reference Table of Governance Responsibilities November 2019 shown on the CSET website.

Local Governance Committee

The Board has also delegated some responsibilities to Local Governance Committees. Each school has a separate Local Governance Committee to ensure that there is local oversight of each school and a strong connection with the local community.

The purpose of the Local Governance Committee is to undertake the delegated responsibility on behalf of the Board for each school to ensure that all the schools in the Trust provide high quality education which has a positive impact on all pupils.

All Chairs of Local Governance Committees are members of the Governance and Standards Committee.

Castle School Education Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

Governance and Standards Committee

Purpose:

- To ensure that CSET schools are providing high quality education delivering the best possible outcomes for students, within the context of the Trust's vision and values.
- To ensure that governance within the Trust is of the highest standard and that all schools within the Trust are effectively supported and held to account.
- To support the Board by providing rigorous scrutiny of the performance of schools, with reference to the Ofsted frameworks and national performance measures, including the monitoring of internal tracking data during the academic year.
- To promote effective working between the Board and the Local Governance Committees.

Five Trustees are members of this Committee, currently chaired by the Chair of the Board. All Chairs of LGCs also attend this committee. (All trustees are marked with a *)

Trustee	Meetings attended	Out of a possible
Rhona Allgood*	4	4
Richard Bayliss	0	1
Rhiannon Clancy*	4	4
Maggie Cook*	1	1
Paulin Dixon	3	4
Ann Duff	4	4
Paul Harrod*	0	4
Susannah Hill*	4	4
David Moran*	1	1
Jayne Prior*	4	4
William Roberts*	4	4
Nina Streeting	3	4
Sue Thomas	2	4
Clare Traylor	2	3

Local Governance Committees

The Board has also delegated some responsibilities to Local Governance Committees. Each school has a separate Local Governance Committee to ensure that there is local oversight of each school and a strong connection with the local community.

All Chairs of Local Governance Committees are members of the Governance and Standards Committee.

Castle School Education Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

Finance and Resources Committee

The Finance and Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to support the Board in ensuring that a framework is established and maintained for optimising the employment of all the resources available to the Trust to enable it to meet its business and financial objectives. There were no particular issues dealt with in the year.

During the year one new Trustees joined the committee. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Rhona Allgood	9	9
Paul Harrod	5	6
Andrew Levitt	1	1
Simon MacSorley	8	9
Colin McDougall	0	1
David Moran	2	2
William Roberts	9	9
Chris White-Horne	9	9

Audit and Risk Assurance

The Audit and Risk Assurance Committee is a sub-committee of the main Board of Trustees. Its purpose is to maintain an oversight of the Trust's financial, governance, risk management and internal control systems; and report its findings termly and annually to the Trust Board and the Accounting Officer as a critical element of the Trust's annual reporting requirements. There were no particular issues dealt with in the year.

During the year no new Trustees joined the committee. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Rhona Allgood	7	7
Andrew Levitt	7	7
Colin McDougall	4	7
William Roberts	7	7

Castle School Education Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Review of value for money

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

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

- Robust financial governance and budget management.
- Value for money purchasing.
- Reviewing controls and managing risk.
- Considering allocation/targeting/use of resources.
- Challenging proposals and examining their effectiveness and efficiency.
- Deploying staff more effectively.
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.

An example of this has been the systemic review of the finance system, appointment of key financial staff and financial training for Trust leaders. This has enabled the production of clear and concise financial information to enable decision making on the use of resources, particularly around staffing.

The financial oversight and governance has been strengthened as Trustees can now challenge the use of finances and understand the financial processes to ensure that the Trust achieves value for money and benchmarking across Trust schools. An example of this has been the Trust wide purchasing of licensing for some curriculum items as well as alignment of some parental on-line payment systems.

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 the achievement of 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 CSET for the period from 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Castle School Education Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that have been in place for the period from 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

The Board of Trustees has decided to employ South Gloucestershire, (Lead auditor Justine Poulton), as internal auditor.

The Trust is provided with a programme of internal scrutiny providing independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively. South Gloucestershire Council provides an annual audit programme covering a range of areas for scrutiny. This is agreed at the Audit and Risk Committee.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included testing around contract and payroll control for casual members of staff.

On an annual basis the auditor reports to the Board of Trustees, through the Audit and Risk Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

As a result of Covid and school closures from March 2020 the other items on the scheduled programme of work have been suspended, but a comprehensive programme has been agreed and is in place from January 2021 to ensure all control issues are in place.

Castle School Education Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

Review of effectiveness

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

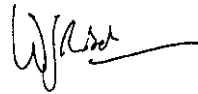
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- The work of the DFO within the Trust who has responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 18th January 2021 and signed on their behalf by:



Susannah Hill
Chair of Board of Trustees



William Roberts
Accounting Officer

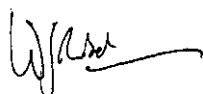
Castle School Education Trust
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of Castle School Education Trust I have considered my responsibility to notify the 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 Trust, under the funding agreement in place between the 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 2019.

I confirm that I and the Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2019.

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



William Roberts
Chief Executive and Accounting Officer
18th January 2021

Castle School Education Trust
(A Company Limited by Guarantee)

Statement of Trustees' responsibilities
For the Year Ended 31 August 2020

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 18th January 2021 and signed on their behalf by:



Susannah Hill
Chair of Board of Trustees

Castle School Education Trust
(A Company Limited by Guarantee)

Independent Auditor's Report on the financial statements to the of Castle School Education Trust

Opinion

We have audited the financial statements of Castle School Education Trust ("the Trust") for the year ended 31 August 2020 which comprise the statement of financial activities (incorporating income and expenditure account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency (ESFA).

In our opinion, the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance the Academies Accounts Direction 2019 to 2020.

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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 School Education Trust
(A Company Limited by Guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Castle School Education Trust
(A Company Limited by Guarantee)

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

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the 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 Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

This report is made solely to the Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Trust'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 Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Heather Wheelhouse (Senior Statutory Auditor)
For and on behalf of BDO LLP
Bristol
United Kingdom

Date: 28 January 2021

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

Castle School Education Trust
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 25 February 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Castle School Education Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Castle School Education Trust's funding agreement with the Secretary of State for Education dated 4 September 2012 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Castle School Education Trust
(A Company Limited by Guarantee)

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

Approach (continued)

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

Our procedures included, but were not limited to, the following:

- Reviewing minutes of meetings, management accounts and made enquiries of management;
- Performing sample testing of expenditure ensuring items are for the School's purposes and are appropriately authorised;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and made further enquiries into any such items where relevant;
- Taking a selection of nominal ledger accounts for evidence of unusual entries and made further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the Trust;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation;
- Reviewing any family members of directors or senior leadership team appointed in the period, checking that the School's processes have been followed and the remuneration appears reasonable;
- Performing a review of the tendering policy, enquiring of any tenders completed in the period and completing a review of tenders completed for the appropriate documentation and authorisation;
- Enquiries of management of new leases in the period, ensuring they are entered into in line with the financial handbook policies;
- Review of the Trust's website for the correct disclosure of governance information in line with ESFA guidelines;
- Performing a review of the Business Continuity Plan in place by the Trust.

Castle School Education Trust
(A Company Limited by Guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

BDO LLP

BDO LLP
Reporting Accountant
Bristol

Date: 28 January 2021

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

Castle School Education Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2020

		Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
	Note					
Income from:						
Donations and capital grants	3	-	41	1,651	1,692	1,670
Charitable activities	4	28	26,878	-	26,906	25,766
Other trading activities	5	139	-	-	139	149
Investments	6	9	-	-	9	12
Total income		176	26,919	1,651	28,746	27,597
Expenditure on:						
Raising funds	7,8	18	-	-	18	23
Charitable activities	7,8	19	27,721	3,007	30,747	29,786
Total expenditure	7	37	27,721	3,007	30,765	29,809
Net income/(expenditure)	9	139	(802)	(1,356)	(2,019)	(2,212)
Transfers between funds	18	-	-	-	-	-
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	26	-	33	-	33	(4,662)
Net movement in funds		139	(769)	(1,356)	(1,986)	(6,874)

Castle School Education Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account) (continued)
For the Year Ended 31 August 2020

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Note					
Reconciliation of funds:					
Total funds brought forward	1,237	(13,343)	65,921	53,815	60,689
Net movement in funds	139	(769)	(1,356)	(1,986)	(6,874)
Total funds carried forward	1,376	(14,112)	64,565	51,829	53,815

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

The notes on pages 42 to 77 form part of these financial statements.

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

Balance Sheet
As at 31 August 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	14		60,657		63,387
			60,657		63,387
Current assets					
Debtors	15	2,688		2,538	
Investments	16	1,639		1,633	
Cash at bank and in hand	22	3,061		2,362	
		7,388		6,533	
Creditors: amounts falling due within one year	17	(1,922)		(2,569)	
Net current assets			5,466		3,964
Total assets less current liabilities			66,123		67,351
Net assets excluding pension liability			66,123		67,351
Defined benefit pension scheme liability	26		(14,294)		(13,536)
Total net assets	19		51,829		53,815

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

Balance Sheet (continued)
As at 31 August 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Funds of the Trust					
Restricted funds:					
Fixed asset funds		64,565		65,921	
Restricted income funds		182		193	
		64,747		66,114	
Restricted funds excluding pension liability					
Pension reserve		(14,294)		(13,536)	
		64,747		66,114	
Total restricted funds	18		50,453		52,578
Unrestricted income funds					
General funds		1,376		1,237	
		1,376		1,237	
Total unrestricted income funds	18		1,376		1,237
		1,376		1,237	
Total funds	18		51,829		53,815
		51,829		53,815	

The financial statements on pages 37 to 77 were approved by the Trustees on 18th January 2021
and are signed on their behalf, by:



Susannah Hill
Chair of the Board of Trustees

The notes on pages 42 to 77 form part of these financial statements.

Castle School Education Trust
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	(438)	425
Cash flows from investing activities	21	1,143	(661)
Change in cash and cash equivalents in the year		705	(236)
Cash and cash equivalents at the beginning of the year		3,995	4,231
Cash and cash equivalents at the end of the year	22, 23	<u>4,700</u>	<u>3,995</u>

The notes on pages 42 to 77 form part of these financial statements

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

1. Accounting policies

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

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies' Accounts Direction 2019/20 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

1. Accounting policies (continued)

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

Covid-19

Specific planning has been done to ensure appropriate sums have been set aside to cover exceptional costs arising from the current Pandemic and this has been included, where possible, in forward budget planning and for the period until 31 August 2022. To note that the Trust are, like all other educational establishments, subject to potential changes in government funding and this has been reactive to the situational need, i.e. Covid exceptional grant funding. Therefore, these items may not be covered in future scenario planning.

Our detailed forward planning for the years AY2020-21 and AY2021-22 has taken into account projected student numbers, which are increasing, and additional funding due to the implementation of the National Funding Formula. However, it also includes for 3% teacher and 2% support staff cumulative pay increases which may be above the levels suggested by government. This is reflected in our modelling showing a net deterioration in free reserves of approximately £23k. Identified risks are:

- Exceptional Covid Costs – costs of additional cleaning materials, PPE and janitor time (potentially an additional £129k). However, there is the potential to re-tender this contract in June 2021 and negotiate different and more inclusive terms, driving costs down via an extended contract term.
- Staff cover costs – this is being reviewed as part of the ICFP financial models and also as part of an HR review and strengthening of KPI monitoring. Worst case scenario is a deficit to budget of £25k for AY20-21.
To note that the current government Coronavirus Workforce Fund may be able to mitigate some of the additional supply costs.
- Student losses - funding for students is on a lagged basis so losses in student numbers will not affect the AY20-21 grant funding which is already fixed. Funding for AY21-22 will be based on actual student numbers in the current financial year which have been recorded in the latest census submissions already. Initial data suggests the Trust numbers are increasing so income would rise accordingly.
- Lettings – these are not material for the AY19-20, reduced income of £3.8k, and are contained in PPL Ltd for future years. The schools do not budget for any Deed or Gift Aid from PPL Ltd, so

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

1. Accounting policies (continued)

1.2 Going concern (continued)

there is no anticipated loss of income.

- Catering costs – due to restrictions in the length of break times and zoning of school areas so that students stay within Year group ‘bubbles’, the opportunity for students to access some catering has been reduced. It is anticipated that the current model will be in place for the whole of the Academic year in 20-21. The impact on catering is an anticipated deficit to budget of £50k.
- Overall, the worst-case scenario is an impact to budget for AY20-21 of c. £75k.

1.3 Income

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

- **Grants**

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

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

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

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

1. Accounting policies (continued)

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

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

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

The useful lives are as follows:

Leasehold land	- 125 years
Leasehold buildings & building improvements	- 50 years
Building components:	
Bathrooms	- 10-30 years
Kitchens	- 10-30 years
Lifts	- 10-30 years
Windows	- 5 - 20 years
Doors	- 10 years
Equipment (inc sports equipment)	- 5 years
Computer equipment and software	- 3 - 5 years
Motor vehicles/minibuses	- 5 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

1.6 Investments

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

1.7 Debtors

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

1.8 Cash at bank and in hand

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

1.9 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

1. Accounting policies (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

1.11 Operating leases

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

1.12 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government 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 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the 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.

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

1. Accounting policies (continued)

1.13 Fund accounting

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

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

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

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

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

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

Critical areas of judgement:

Determine whether items of expenditure incurred should be classed as direct or support costs.

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

3. Donations and capital grants

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Other donations	-	41	-	41
Capital Grants	-	-	1,651	1,651
	<u>-</u>	<u>41</u>	<u>1,651</u>	<u>1,692</u>

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Other donations	30	51	-	81
Capital Grants	-	-	1,589	1,589
	<u>30</u>	<u>51</u>	<u>1,589</u>	<u>1,670</u>

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

4. Funding for the Trust's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
DfE/ESFA grants			
General Annual Grant (GAG)	-	22,418	22,418
Pupil Premium	-	783	783
Other DfE/EFA Grants	-	1,697	1,697
	-	24,898	24,898
Other Government grants			
Local authority grants	-	1,258	1,258
	-	1,258	1,258
Other income from the Trust's educational operations			
Contributions to trips	-	584	584
Consultancy	-	16	16
Other income	28	122	150
	28	722	750
Total 2020	28	26,878	26,906

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

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

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
DfE/ESFA grants			
General Annual Grant (GAG)	-	22,240	22,240
Pupil Premium	-	745	745
Other DfE/EFA Grants	-	622	622
	-	23,607	23,607
Other Government grants			
Local authority grants	-	1,170	1,170
	-	1,170	1,170
Other income from the Trust's educational operations			
Contributions to trips	-	608	608
Consultancy	4	18	22
Other income	132	227	359
	136	853	989
Total 2019	136	25,630	25,766

5. Other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000
Hire of facilities	138	138
Other	1	1
	139	139

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

5. Other trading activities (continued)

	Unrestricted funds 2019 £000	Total funds 2019 £000
Hire of facilities	149	149

6. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000
Bank interest	9	9

	Unrestricted funds 2019 £000	Total funds 2019 £000
Bank interest	12	12

7. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000
Expenditure on raising funds:				
Direct costs	10	-	8	18
Educational operations:				
Direct costs	20,806	3,007	1,556	25,369
Allocated support costs	1,858	1,742	1,778	5,378
Total 2020	22,674	4,749	3,342	30,765

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

7. Expenditure (continued)

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000
Expenditure on raising funds:				
Direct costs	15	-	8	23
Educational operations:				
Direct costs	19,104	3,290	1,987	24,381
Allocated support costs	1,914	1,789	1,702	5,405
Total 2019	<u>21,033</u>	<u>5,079</u>	<u>3,697</u>	<u>29,809</u>

Expenditure on raising funds in 2019 was £23,000 which was unrestricted.

Expenditure on charitable activities in 2019 was £29,787,000 of which £366,000 was unrestricted, £26,427,000 was restricted and £2,993,000 restricted fixed asset funds.

8. Charitable activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000
Educational operations	<u>25,369</u>	<u>5,378</u>	<u>30,747</u>

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

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

8. Charitable activities (continued)

Analysis of support costs

	Educational operations 2020 £000	Total funds 2020 £000
Staff costs	1,858	1,858
Catering	252	252
Cleaning	603	603
Energy costs	488	488
Security and transport	54	54
Insurance	109	109
Rent and rates	150	150
Maintenance of premises and equipment	625	625
Technology costs	424	424
Recruitment and support	8	8
Bank interest and charges	2	2
Other support costs	746	746
Governance costs	59	59
	<u>5,378</u>	<u>5,378</u>

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

8. Charitable activities (continued)

Analysis of support costs (continued)

	Educational operations 2019 £000	Total funds 2019 £000
Staff costs	1,914	1,914
Catering	226	226
Cleaning	601	601
Energy costs	524	524
Security and transport	92	92
Insurance	126	126
Rent and rates	153	153
Maintenance of premises and equipment	511	511
Technology costs	351	351
Recruitment and support	19	19
Bank interest and charges	3	3
Other support costs	845	845
Governance costs	40	40
	<u>5,405</u>	<u>5,405</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Operating lease rentals	21	40
Depreciation of tangible fixed assets	3,007	3,122
Loss on disposal of fixed assets	-	168
Fees paid to auditor for:		
- audit	34	30
- other services	21	13
	<u>3,083</u>	<u>3,363</u>

Castle School Education Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2020

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020	2019
	£000	£000
Wages and salaries	16,143	15,525
Social security costs	1,624	1,553
Pension costs	4,548	3,454
	<u>22,315</u>	<u>20,532</u>
Agency staff costs	310	486
Staff restructuring costs	49	15
	<u><u>22,674</u></u>	<u><u>21,033</u></u>

Staff restructuring costs comprise:

	2020	2019
	£000	£000
Severance payments	49	15
	<u>49</u>	<u>15</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2020

10. Staff (continued)

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £49,000 (2019: £15,000). Individually, the payments were: £20,000, £12,000, £9,700 and £7,300 (2019: £15,000). The legal authority sought to make these ex-gratia payments was in compliance with the Academies Financial Handbook 2019, being delegated authority or approval from the Education and Skills Funding Agency.

c. Staff numbers

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

	2020 No.	2019 No.
Teachers	315	351
Administration and support	250	344
Management	34	31
	<u>599</u>	<u>726</u>

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	264	318
Administrations and support	184	149
Management	32	28
	<u>480</u>	<u>495</u>

d. Higher paid staff

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

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Notes to the Financial Statements
For the Year Ended 31 August 2020

10. Staff (continued)

d. Higher paid staff (continued)

	2020	2019
	No.	No.
In the band £60,001 - £70,000	6	2
In the band £70,001 - £80,000	3	3
In the band £80,001 - £90,000	1	3
In the band £90,001 - £100,000	1	-
In the band £110,001 - £120,000	-	1
In the band £130,001 - £140,000	1	-

9 (2019: 8) of the above employees participated in the Teachers' Pension Scheme and 1 employee in LGPS. During the year ended 31 August 2020 employer's pension contributions for these staff amounted to £214,000 (2019: £102,000).

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £361,000 (2019 £205,000).

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Notes to the Financial Statements
For the Year Ended 31 August 2020

11. Central services

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

- Strategic leadership;
- Financial services;
- HR advice and administration;
- IT services;
- Facilities and health & safety management;
- Governance support; and
- Educational support

The Trust charges for these services on the following basis:

The central trust charges for these services based on 4% of the total income in the previous reporting period.

The actual amounts charged during the year were as follows:

	2020	2019
	£000	£000
The Castle School	328	328
Charfield School	34	31
Downend School	253	236
Lyde Green	63	145
Mangotsfield School	233	228
Marlwood School	101	106
Severn Beach Primary School	25	24
Total	1,037	1,098

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Notes to the Financial Statements
For the Year Ended 31 August 2020

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020	2019
		£000	£000
William Roberts (Chief Executive)	Remuneration	130-135	115 - 120
	Pension contributions paid	30 - 35	15 - 20

During the year ended 31 August 2020, expenses totalling £2,525 were reimbursed to 3 Trustees (2019 - £3,098 to 3 Trustees) in relation to travel and subsistence.

13. Trustees' and Officers' insurance

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

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Notes to the Financial Statements
For the Year Ended 31 August 2020

14. Tangible fixed assets

	Leasehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 September 2019	83,038	605	1,511	23	85,177
Additions	76	99	102	-	277
At 31 August 2020	83,114	704	1,613	23	85,454
Depreciation					
At 1 September 2019	20,143	367	1,268	12	21,790
Charge for the year	2,752	122	129	4	3,007
At 31 August 2020	22,895	489	1,397	16	24,797
Net book value					
At 31 August 2020	60,219	215	216	7	60,657
At 31 August 2019	62,895	238	243	11	63,387

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

Leasehold property is occupied under a 125 leases with South Gloucestershire Council, with the exception of Lyde Green Primary School (net book value £7,253,000) which is occupied under a tenancy agreement while a 125 year lease is being finalised. The cost initially recognised is the fair value of the leasehold property on transfer to the Trust, as advised to the Trustees by an independent professional valuation. Subsequent improvements to property are capitalised at cost incurred. Leasehold buildings are depreciated over the economic life as advised by an independent professional valuation.

The value of land held by the Trust, included in leasehold land and buildings was £19,726,000 (2019: £19,726,000).

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Notes to the Financial Statements
For the Year Ended 31 August 2020

15. Debtors

	2020	2019
	£000	£000
Due within one year		
Trade debtors	33	42
Amounts owed by group undertakings	443	207
Other debtors	52	107
Prepayments and accrued income	2,003	1,854
VAT recoverable	157	328
	<u>2,688</u>	<u>2,538</u>

16. Current asset investments

	2020	2019
	£000	£000
Cash placed on short term deposit	<u>1,639</u>	<u>1,633</u>

Castle School Education Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2020

17. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	505	1,215
Other taxation and social security	386	370
Other creditors	460	348
Accruals and deferred income	571	636
	<u>1,922</u>	<u>2,569</u>

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

	2020	2019
	£000	£000
Deferred income at 1 September 2019	292	250
Resources deferred during the year	309	292
Amounts released from previous periods	(292)	(250)
	<u>309</u>	<u>292</u>

At the Statement of Financial Position date the Trust was holding funds received in advance of school trips taking place in the 2020-21 academic year.

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Notes to the Financial Statements
For the Year Ended 31 August 2020

18. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
Capital expenditure from unrestricted funds	360	-	-	(3)	-	357
Other unrestricted funds	877	176	(37)	3	-	1,019
	<u>1,237</u>	<u>176</u>	<u>(37)</u>	<u>-</u>	<u>-</u>	<u>1,376</u>
Restricted general funds						
General Annual Grant (GAG)	109	22,609	(22,770)	-	-	(52)
Pupil premium funding	-	783	(783)	-	-	-
SEN funding	-	1,013	(1,013)	-	-	-
School Fund	48	584	(452)	-	-	180
Other restricted	36	1,930	(1,912)	-	-	54
Pension reserve	(13,536)	-	(791)	-	33	(14,294)
	<u>(13,343)</u>	<u>26,919</u>	<u>(27,721)</u>	<u>-</u>	<u>33</u>	<u>(14,112)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	3,778	1,611	(589)	-	-	4,800
Other capital grants	295	40	(36)	-	-	299
Inherited capital funds	23	-	(23)	-	-	-
Inherited and gifted fixed assets	61,812	-	(2,346)	-	-	59,466
Capital expenditure from GAG	13	-	(13)	-	-	-
	<u>65,921</u>	<u>1,651</u>	<u>(3,007)</u>	<u>-</u>	<u>-</u>	<u>64,565</u>
Total Restricted funds	<u>52,578</u>	<u>28,570</u>	<u>(30,728)</u>	<u>-</u>	<u>33</u>	<u>50,453</u>
Total funds	<u>53,815</u>	<u>28,746</u>	<u>(30,765)</u>	<u>-</u>	<u>33</u>	<u>51,829</u>

Castle School Education Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2020

18. Statement of funds (continued)

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

Restricted general funds

General annual grant (GAG)

The general annual grant (GAG) must be used for the normal running costs of the Trust's schools. It can also be applied to capital expenditure. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Pupil premium funding

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

SEN funding

SEN funding must be spent supporting pupils with statements of Education and Healthcare Plans.

School Fund

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

Pension reserve

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

Restricted fixed asset funds

The Fixed asset funds include a variety of funds including:

DfE/ESFA capital grants

Devolved capital grants can be used for capital expenditure and repairs to enhance the fabric of school buildings. The Trustees have allocated from restricted funds, £2,500,000 towards the combined Capital plans for Marlwood and The Castle Schools and £1,104,418 towards localised school Asset Management Plans.

Inherited capital funds

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

Inherited and gifted fixed assets

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

Unrestricted funds

Astro-turf pitch sinking fund

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

Capital expenditure from unrestricted funds

Some unrestricted funds have been applied for capital expenditure. The fund holds the book value of these assets and will reduce as they are depreciated. This includes the Astro-turf pitch sinking fund which is a designated fund as per previous note above.

Other unrestricted funds

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

Castle School Education Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2020

18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020	2019
	£000	£000
The Castle School	883	789
Charfield School	176	141
Downend School	135	57
Lyde Green Primary School	303	293
Mangotsfield School	1,369	921
Marlwood School	(1,148)	(976)
Severn Beach Primary School	3	25
Castle School Education Trust	(163)	180
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,558	1,430
Restricted fixed asset fund	64,565	65,921
Pension reserve	(14,294)	(13,536)
	<hr/>	<hr/>
Total	51,829	53,815
	<hr/>	<hr/>

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

	Deficit
	£000
Marlwood School	(1,148)
	<hr/>

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

The deficit of £163k for the central Trust has been caused by the timing of staff restructures, severance pay and new joining strengthening the Trust Leadership Team. Excess to budget has been matched by savings to budget elsewhere across the Trust, i.e. finance staff were budgeted in the schools as Business Managers but are accounted for in the Central trust area as Finance Managers.

£240k of accrued income in relation to capital grants is held centrally for the use of all schools.

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

The Trust continues to implement reductions in staff costs, a review of contracts, sharing services with other schools in the trust and amalgamation of the sixth form provision.

Castle School Education Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2020

18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2020 £000
The Castle School	6,771	204	69	1,120	8,164
Charfield School	606	40	5	167	818
Downend School	5,183	177	101	825	6,286
Lyde Green Primary School	1,181	46	34	224	1,485
Mangotsfield School	4,243	258	22	931	5,454
Marlwood School	1,984	77	26	636	2,723
Severn Beach Primary School	477	31	12	114	634
Castle School Education Trust	(431)	466	1	2,126	2,162
Trust	20,014	1,299	270	6,143	27,726

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

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

Castle School Education Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2020

18. Statement of funds (continued)

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

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

Castle School Education Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2020

19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	87	-	60,570	60,657
Current assets	1,288	2,104	3,995	7,387
Creditors due within one year	-	(1,922)	-	(1,922)
Provisions for liabilities and charges	-	(14,294)	-	(14,294)
Difference	1	-	-	(1)
Total	1,376	(14,112)	64,565	51,829

Analysis of net assets between funds - prior period

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

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Notes to the Financial Statements
For the Year Ended 31 August 2020

20. Reconciliation of net expenditure to net cash flow from operating activities

	2020	2019
	£000	£000
Net expenditure for the period (as per Statement of Financial Activities)	(2,019)	(2,212)
Adjustments for:		
Depreciation	3,007	3,122
Capital grants from DfE and other capital income	(1,651)	(1,589)
Interest receivable	(9)	(12)
Defined benefit pension scheme cost less contributions payable	558	641
Defined benefit pension scheme finance cost	233	211
Increase in debtors	(149)	(383)
(Decrease)/increase in creditors	(408)	479
Loss on disposal	-	168
Net cash (used in)/provided by operating activities	(438)	425

21. Cash flows from investing activities

	2020	2019
	£000	£000
Dividends, interest and rents from investments	9	12
Purchase of tangible fixed assets	(277)	(1,043)
Capital grants from DfE	1,411	370
Net cash provided by/(used in) investing activities	1,143	(661)

22. Analysis of cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	3,061	2,362
Notice deposits (less than 3 months)	1,639	1,633
Total cash and cash equivalents	4,700	3,995

Castle School Education Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2020

23. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	2,362	699	3,061
Cash equivalents	1,633	6	1,639
	<u>3,995</u>	<u>705</u>	<u>4,700</u>

24. Contingent liabilities

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

25. Capital commitments

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

26. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Avon Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016, published in 2019 and of the LGPS 31 March 2019.

Contributions amounting to £334,000 were payable to the schemes at 31 August 2020 (2019 - £316,000) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Castle School Education Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2020

26. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £2,878,000 (2019 - £1,897,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £1,349,000 (2019 - £1,150,000), of which employer's contributions totalled £1,112,000 (2019 - £924,000) and employees' contributions totalled £ 237,000 (2019 - £226,000). The agreed contribution rates for future years are 16.3% - 20.6% per cent for employers and 5.5% - 12.5% per cent for employees.

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

The LGPS scheme currently shows a deficit of £14,294,000 (2019: £13,356,000). The Trust is making additional lump sum contributions of £25,000 (2019: £25,000) per month to reduce the deficit. The number of years where additional contributions are payable varies by academy, but the period is between 16 and 20 years.

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Notes to the Financial Statements
For the Year Ended 31 August 2020

26. Pension commitments (continued)

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.9	3.6
Rate of increase for pensions in payment/inflation	2.5	2.2
Discount rate for scheme liabilities	1.8	1.8
Inflation assumption (CPI)	2.4	2.1

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

	2020	2019
	Years	Years
Retiring today		
Males	23.2	23.7
Females	25.3	26.2
Retiring in 20 years		
Males	24.7	26.3
Females	27.3	29

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	(540)	(577)
Mortality assumption - 1 year increase	550	493
CPI rate +0.1%	821	590
Pay growth +0.1% per annum	76	138

Share of scheme assets

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Notes to the Financial Statements
For the Year Ended 31 August 2020

26. Pension commitments (continued)

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

	2020	2019
	£000	£000
Equities	6,307	6,761
Government bonds	1,027	-
Other bonds	385	1,575
Property	1,256	795
Cash and other liquid assets	428	173
Other	4,865	5,143
Total market value of assets	14,268	14,447

The actual return on scheme assets was £627,000 (2019 - £902,000).

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

	2020	2019
	£000	£000
Current service cost	1,595	1,168
Past service cost	52	379
Interest cost	233	211
Administrative expenses	23	18
Total amount recognised in the Statement of Financial Activities	1,903	1,776

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

	2020	2019
	£000	£000
At 1 September	27,983	20,714
Current service cost	1,595	1,168
Past service cost	52	379
Interest cost	502	579
Employee contributions	237	226
Benefits paid	(342)	(279)
Actuarial loss/(gain)	(1,465)	5,196
At 31 August	28,562	27,983

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Notes to the Financial Statements
For the Year Ended 31 August 2020

26. Pension commitments (continued)

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

	2020 £000	2019 £000
At 1 September	14,447	12,692
Expected return on plan assets	(1,432)	534
Interest income	269	368
Employee contributions	237	226
Benefits paid	(342)	(279)
Employer contributions	1,112	924
Administrative expenses	(23)	(18)
At 31 August	14,268	14,447

As at the 31 August 2020, the Trust holds a net deficit position of £14,294,000 (2019: £13,536,000).

27. Operating lease commitments

At 31 August 2020 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	26	35
Later than 1 year and not later than 5 years	33	45
	59	80

28. Guarantees, letters of comfort and indemnities

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

29. Members' liability

Each member of the Trust 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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30. Related party transactions

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Trust has recharged staff and other costs of £238,725 (2019: £225,737) to its trading subsidiary, Premium Partners Limited.

These recharges are based on actual costs incurred by the Trust with no margin added, so are not considered to be on an arm's length basis.

The Trust used no restricted funds to assist the subsidiary in 2020 (2019: £10,000 to subsidise its provision of sports coaching to schools).

Premium Partners Limited also recharged the Trust £29,748 (2019: £21,000) in relation to IT consultancy and £4,250 (2019: £2,000) for sports coaching.

Financial regulations and procurement procedures are not applicable. At the year end, the Trust was due £442,000 (2019: £207,000) from the subsidiary, repayable on demand.

31. Principal subsidiaries

The following was a subsidiary of the Trust:

Name	Company number	Registered office or principal place of business	Principal activity
Premium Partners Limited	029289197	The Partnership Centre Marlwood School Site, Vattingstone Lane, Alverston England BS35 3LA	The provision of sports coaching and IT consultancy to schools in South Gloucestershire.

The financial results of the subsidiary for the year were:

Name	Income £000	Expenditure £000	Profit for the year £000	Net assets £000
Premium Partners Limited	273	(255)	18	26

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