

Registered number: 08850163 (England and Wales)

CASTLE Trust

(A company limited by guarantee)

Annual report and financial statements

For the year ended 31 August 2016

CASTLE Trust
(A company limited by guarantee)

Contents

	Page
Reference and administrative details of the Academy Trust, its members/directors and advisers	1 - 2
Directors' report	3 - 10
Governance statement	11 - 13
Statement on regularity, propriety and compliance	14
Statement of Directors' responsibilities	15
Independent auditor's report on the financial statements	16 - 17
Independent auditor's assurance report on regularity	18 - 19
Statement of financial activities incorporating income and expenditure account	20
Balance sheet	21
Statement of cash flows	22
Notes to the financial statements	23 - 44

CASTLE Trust
(A company limited by guarantee)

Reference and administrative details of the Academy Trust, its members/directors and advisers
For the year ended 31 August 2016

Members

Rev H Burn
Mrs S Burt
Miss J Gundry
Mr B Hampton
Mr R King

Directors

Mrs S Burt, Chair of Directors⁴
Mr S Calvert⁴
Mrs J Hughes^{2,5}
Mrs C Kempster, Vice Chair^{2,5}
Mr R King⁴
Mrs J Knight¹
Mr C McCann⁵
Ms S Pearce⁴
Mr C Purchase⁵
Ms K White, Chief Executive Officer
Mr K Johnson (appointed 9 May 2016)^{3,6}
Mr R Sanders (appointed 1 September 2016)³

- ¹ Staff Director
- ² Parent Director
- ³ Co-opted Director
- ⁴ Audit Committee member
- ⁵ Curriculum and Achievement Committee member
- ⁶ Chair of Bridge Free School pre-opening Committee

Company registered number

08850163

Company name

CASTLE Trust

Principal and registered office

Delce Academy
The Tideway
Rochester
Kent
ME1 2NJ

CASTLE Trust
(A company limited by guarantee)

Reference and administrative details of the Academy Trust, its directors and advisers
For the year ended 31 August 2016

Advisers (continued)

Company secretary

Prima Secretary Limited

Chief executive officer

Ms K White

Senior leadership team

Ms K White, Principal
Mrs J Knight, Director of Business and Finance
Mr C Frost, Head of Lower School
Mrs C Webb, Head of Upper School
Miss K Lacey, Inclusions Manager
Mrs J Allen, Senior Leader Maths, Teaching & Learning

Independent auditor

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

Bankers

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

Solicitors

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

CASTLE Trust
(A company limited by guarantee)

Directors' report
For the year ended 31 August 2016

The directors present their annual report together with the financial statements and auditors' report of the charitable company for the period from 1st September 2015 to 31st August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company and charity law. The directors confirm that the Annual report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Academy Trust's governing document and the provisions of the Charities Statement of Recommended Practice (SORP) 2015.

CASTLE Trust (the Trust) operates one academy, Delce Academy, for pupils aged 7 to 11 serving a catchment area across the Medway towns. It has a pupil capacity of 520 and had a roll of 501 in the school census on October 2015. There are ongoing plans to expand the number of schools within the Trust.

Structure, Governance and Management

Constitution

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

The directors act as the trustees for the charitable activities of the Trust and are the directors of the charitable company for the purposes of company law.

Details of the directors who served throughout the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Directors' Indemnities

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

Principal Activity

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

CASTLE Trust
(A company limited by guarantee)

Directors' report (continued)
For the year ended 31 August 2016

Method of Recruitment and Appointment or Election of Directors

The current Articles of Association require that the Members may appoint up to six Directors through such process as they may determine.

The total number of directors (including the Chief Executive Officer, under the multi academy trust, or Principal, under the single academy trust) who are employees of the Trust must not exceed one third of the total number of directors.

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

The chairs of each Local Governing Body within the Trust, rated 'Good' or better by Ofsted will also serve on the CASTLE Trust Board; these are termed Academy Trust Directors. If there are more than six Academies rated 'Good' or better by Ofsted within the Trust, then six Academy Trust Directors will be elected at the beginning of each school year. The Chair of the Delce Academy Local Governing Body will always serve on the CASTLE Trust Board.

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

The term of office for any director is four years, except for a) the Chief Executive Officer (or formerly Principal), who will remain a director so long as he or she remains in office, b) the Academy Trust Directors, who will also serve on the CASTLE Trust Board for as long as they remain in office and c) Co-opted Directors, who are appointed for a term of one school year expiring on 31 August.

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

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

Policies and Procedures Adopted for the Induction and Training of Directors

The training and induction provided for new directors will depend on their existing experience. All directors are provided with the appropriate policies and documents they will need in order for them to undertake their role as a director, these include, but are not limited to, the current Financial Handbook and the Trust's Governance Handbook. As there are normally only one or two new directors in a year, induction will be done informally and tailored specifically to the individual. Advantage will be taken of any relevant specific training opportunities offered by appropriate bodies.

Please refer to the governance statement on page 11 regarding details of governance reviews and how the Trust ensures directors are up to date with relevant legislation and training.

CASTLE Trust
(A company limited by guarantee)

Directors' report (continued)
For the year ended 31 August 2016

Organisational Structure

Directors have overall responsibility for the successful delivery of the Trust's aims and objectives by setting the strategic direction and policies of the Academies within it, overseeing and adopting annual plans, consolidating budgets and targets, monitoring the effective management of the Trust's finances and resources and ensuring that the quality of teaching and learning results in appropriate levels of attainment.

The Trust Board of Directors (the Board) is comprised of the Chief Executive Officer, Director of Business and Finance and other directors. Below this there is one sub-committee, the Audit Committee, and two panels, the Pay Panel and a CEO's Performance and Pay Review Panel. A pre-opening committee was set up in order to facilitate and prepare for the opening of the Bridge Free School. The LGB has now been created and powers delegated to them. The Board of Members sits above the Board and has ultimate responsibility for appointing some Directors (as outlined in the Method of Recruitment and Appointment or Election of Directors above) and amending the Trust Articles of Association. Please refer to the governance report for further details of Board and sub-committee meetings held and the individuals involved.

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

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

Bridge Free Special Educational Needs School

On 4 September 2015 the Secretary of State agreed that the CASTLE Trust application for the creation of a Free school, named the Bridge, should proceed to the pre-opening stage. The School will be a Special Educational Needs school, providing a specialist education for up to 40 children. The opening of the school is scheduled for September 2017, for which a pre-opening committee of directors and other relevant individuals was set up. The LGB has now been created with full delegated authority from the board. The school will be based on the same site as the Delce Academy, but within new buildings. The arrangements for construction of these buildings are ongoing as is the appointment of a Headteacher, with provisional plans should these arrangements be delayed.

Arrangements for setting pay and remuneration of key management personnel

A CEO's Performance and Pay Review Panel and Pay Panel (the Panels) are in place to review the performance and pay for Key Management personnel. The Panels will meet at least once a year to evaluate the performance of Key Management personnel and, depending on the results of this, make reward decisions. The salary and rewards of Key Management Personnel are restricted by budgets and limited to bands which the Panels will review and agree upon.

Related Parties and other Connected Charities and Organisations

Greenway Academy

A Memorandum of Understanding with Greenway Academy (Horsham, West Sussex), signed on 10th July 2015, to the effect that the Chief Executive Officer, Ms K White, would work at Greenway for two days per week as interim Head-teacher, supporting the Academy's Senior Leadership Team. An extension to this agreement was signed on 11 March 2016, with this arrangement now due to end on 31 August 2017.

A decision was made by the Greenway Academy board on 29th June 2016 that they would join the CASTLE Trust. This decision was approved by the Regional Schools Commissioner and Head-teachers' board on 21st July 2016. Arrangements for the Greenway Academy to formally join the CASTLE Trust are still ongoing as at the end of the financial year.

Directors' report (continued)
For the year ended 31 August 2016

Objectives and Activities

Objects and Aims

The aim of the Trust is to develop and lead a group of excellent schools, which derive mutual benefit from operating within a multi-academy structure, with each school offering a broad and balanced curriculum and with each of them achieving excellent results through the provision of an excellent education.

Objectives, Strategies and Activities

The main objectives of the Trust are:

- To raise the standard of educational achievement of all pupils;
- To ensure every child enjoys high quality teaching, resourcing and care;
- To improve effectiveness by keeping the curriculum and organisational structure under continuous review;
- Provide value for money for the fund expended;
- Comply with statutory and national curriculum requirements;
- Maintain close links with other local schools and the local community.

The priorities for the Trust are:

- To continue to improve standards of attainment and progress to national levels, as a minimum;
- To ensure all pupil groups achieve equally well, with particular regard to disadvantaged pupils, ensuring pupil premium funding is highly impactful;
- To ensure PE funding is used to raise awareness of healthy life styles, ensure all pupils have high quality first teaching in PE and to improve the engagement of pupils in competitive sport both within school and with the wider school community;
- To ensure high quality systems of assessment are used to inform teachers and parents about the next steps for our pupils, maximising their progress over Key Stage 2.
- To ensure policy, practise, support and challenge in school supports the school's pupils to achieve the new national targets in 2016;
- To ensure the school embraces the new National Curriculum requirements within its positive creative curriculum, benefitting all pupil groups in school and ensuring all pupils, irrespective of faith or ethnic background, understand and value British values;
- To ensure all pupils are safeguarded, learn to keep themselves safe in our technologically changing world and understand and respect diversity;
- To continue to develop leadership capacity at all levels in school to support our own growth as well as supporting other schools within our local community.

In order to achieve these objectives, the Trust will:

Attainment and Achievement

- Develop teachers' understanding and skills in providing challenge and support for key focus groups;
- Develop teachers' understanding and skills to plan key focus groups;
- Develop teachers' understanding and skills at teaching focus groups within lessons to accelerate learning in lessons.

Quality of Provision

- Personalise learning for key groups within school, based on school performance data.

Teaching and Learning

- Continue to develop high quality teaching and learning standards throughout the school, with a clear focus on professional development for all staff;
- Effectively induct new staff into the profession/school;
- Continue to develop SMSC in school to develop children as reflective, resilient, responsible life-long learners;

CASTLE Trust
(A company limited by guarantee)

Directors' report (continued)
For the year ended 31 August 2016

Pupil Welfare

- Ensure pupil premium is used to remove the disadvantage gap;
- Support the emotional, social and behavioural development of all pupils, with particular focus on our most vulnerable groups;
- Continue to develop parental engagement in learning, raising aspirations for pupils and their families;
- Ensure pupils have a good understanding of healthy lifestyles, ensuring that they can keep themselves healthy and safe, achieve excellent educational outcomes which support their ambitions;

Curriculum

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

Leadership and Governance

- Beyond the expansion of the Trust itself and through the schools in the Trust, share good practice with other schools through consortium, learning community groups, involvement in teaching schools, NCETM projects and links with teacher training (schools direct, Goldsmiths, University of London);
- Continue to develop understanding and use of data in school, by all, so that support and challenge is tightly focussed on areas for improvement;
- Continuing to develop middle leaders to enhance leadership capacity in school at all levels;
- Continue to provide development opportunities for directors based on skills audit.

Public Benefit

In setting the objectives and planning activities, directors have given careful consideration to the Charity Commission's general guidance on public benefit and are satisfied that these aims and objectives are clearly for the public benefit.

Strategic Report

Achievements and Performance

Going Concern

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

Achievement against objectives and strategy

The Trust has made progress against its key strategies and objectives. It has maintained and raised the standard of education for all its pupils, as evidenced through the non-financial indicators of performance below, and has paid every attention to ensuring every child enjoys high quality teaching, resourcing and care. Financially the Trust has performed well and has a strong reserves balance. The Trust has complied with statutory and national curriculum requirements that have arisen in the year. Finally, the Trust has built on its links to other schools and the local community, in part due to the strategy of welcoming new schools into the Trust, increasing the age range of pupils at schools within the Trust and through school improvement work.

CASTLE Trust
(A company limited by guarantee)

Directors' report (continued)
For the year ended 31 August 2016

Key Financial Performance Indicators

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

The Trust monitors its operating surplus/(deficit) as a percentage of total income. For the period ended 31 August 2016 the operating surplus equated to 6.5% (2015: deficit -1.8%) of total income.

Staffing costs are monitored as a percentage of total income. For the period ended 31 August 2016 staffing costs represented 68% (2015: 63%) of total income.

The level of investment the Trust makes in the buildings and infrastructure is monitored as this can help to attract pupils to the Trust's schools. In the period ended 31 August 2016, the capital spend on building and infrastructure projects, was 0% (2015: 97%) of capital funding. Funding is being held for further building works primarily linked to the Bridge Specialist Free school which is scheduled to open in September 2017.

The Trust also uses a number of non-financial performance indicators to monitor its performance. At present these apply only to the Delce Academy, the only school currently within the Trust. They are as follows:

- The combined attainment in reading, writing, and Maths at level 4+ was 36%;
- Whole school progress in Maths was -2.2;
- Whole school progress in writing was 1.3;
- Whole school progress in reading was -2.1
- Overall pupil attendance rates – for the period ended 31 August attendance was 95.6%.

All non-financial performance indicators are above the new floor standards.

Delce Academy is rated Good by Ofsted.

Financial Review

During the period to 31 August 2016 total income, including capital income was £3,031,271 (2015: £2,559,870) of which £200,005 (2015: £108,028) was unrestricted income.

Total expenditure for the period to 31 August 2016 was £2,833,329 (2015: £2,606,826) of which:

- Employee costs of £2,058,729 (2015: £1,614,159) represented 73% (2015: 62%) of total expenditure
- Premises Related costs of £167,823 (2015: £632,102) represented 6% (2015: 24%) of total expenditure
- Educational supplies and services of £98,650 (2015: £55,416) represented 4% (2015: 2%) of total expenditure.

The operating surplus excluding pension reserve adjustments for the period ended 31 August 2016 was £197,942.

The board believe that the future financial outlook for the Trust remains secure, as indicated in the Going Concern Section. Future significant events that are likely to affect Trust financials will be the opening of the Bridge Free SEN school and the absorption of any other schools, namely Greenway Academy, into the Trust. Arrangements for these events are ongoing, with additional resource in place to ensure the smooth financial management of such changes. Financial due diligence will be performed on new schools entering the trust, to ensure that any financial risks they may present are planned for and minimised. Subsequent to this, plans will be made to increase efficiencies and standardise processes where possible, minimising costs. While the immediate financial impact of new schools joining the Trust is hard to predict, the Trust envisages that synergies will arise in the long term and that there are sufficient reserves to deal with any initial difficulties, should these arise.

CASTLE Trust
(A company limited by guarantee)

Directors' report (continued)
For the year ended 31 August 2016

Reserves Policy

Directors continually monitor the reserves of the Trust. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and the nature of reserves. The directors have not as yet set a minimum level of or policy for reserves, since conversion to the CASTLE Trust, but will undertake a comprehensive review of this in the 2016 to 2017 financial year to set a minimum level, a policy and a process for future review of these levels. As a principal, directors seek to maintain a level where there is sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies or urgent maintenance requirements.

The unrestricted fund at 31 August 2016 is in surplus by £149,771.

The restricted fund at 31 August 2016 is in deficit by £605,700. This arises from the pension reserve fund which represents the Trust's share of the LGPS fund deficit of £836,000, calculated in accordance with Financial Reporting Standard (FRS) 102. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employee contributions due by the Academy Trust have been fixed at 20.1% for the three years from 1 April 2014.

Further details of the calculations and assumptions underlying the balance on this fund are set out in note 20 to the financial statements.

Investment Policy

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

Principal Risks and Uncertainties

The directors consider the principal risks and uncertainties facing the trust to be:

- Funding for education is under pressure. A risk is an Academy within the Trust incurring a deficit against its budget from unforeseen circumstances, especially if there is a change of funding policy introduced by the Government
- A fall in the roll would have financial implications, with a School's income largely based on student numbers, especially given the threat of competition from other schools
- Expensive capital works may be required that are not covered by insurance or EFA grants.

Other risks and uncertainties which the Trust may face are in relation to technology failures, pension fund deficits and natural uncontrollable events.

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

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

CASTLE Trust
(A company limited by guarantee)

Directors' report (continued)
For the year ended 31 August 2016

Plans for Future Periods

The RSC has given approval to the Trust's growth plan, in the immediate future, the Bridge Free School, an SEN specialist school is planned to open in September 2017 and Greenway Academy in Horsham, West Sussex is due to join in early 2017.

In addition, the Trust is actively bidding for 3 further Free School opportunities in Medway and West Sussex which, if successful, will see additional schools opening through to 2020.

Within the Trust, Delce Academy is expanding the age range of pupils, taking on Reception pupils from September 2016 and growing to include Year 1 in September 2017 and Year 2 in September 2018.

Delce Academy will continue to develop professional service outreach across all Trust schools and the wider community, using in-house expertise and a range of methodologies and styles of delivery as per the requirements of Academy status.

Plans for further building works are primarily linked to the Bridge Specialist Free school.

Funds held as Custodian Trustee on behalf of others

The Trust holds no funds on behalf of others.

Provision of information to auditor

In so far as the directors are aware:

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

Auditor

The auditor, Kreston Reeves LLP, has indicated its willingness to continue in office. The directors will propose a motion re-appointing the auditor at a meeting of the members.

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

Mrs S Burt
Chair of Directors

CASTLE Trust
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board has formally met 5 times during the year. Attendance during the year at meetings of the Board was as follows:

Director	Meetings attended	Out of a possible
Mrs S Burt, Chair of Directors	5	5
Mr S Calvert	4	5
Mrs J Hughes	2	5
Mrs C Kempster	5	5
Mr R King	4	5
Mrs J Knight	5	5
Mr C McCann	2	5
Ms S Pearce	4	5
Mr C Purchase	5	5
Ms K White, Chief Executive Officer	5	5
Mr K Johnson (appointed 9 May 2016)	1	1

The proposed governance review did not take place in February 2016 as planned but has been re-scheduled for February 2017.

The Audit Committee will assist the Board with regard to the annual audit and accounts, internal controls and the sound management of the Trust's finances and resources. The Committee met formally 3 times during the year.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr S Calvert, Chair	3	3
Mrs S Burt	3	3
Ms S Pearce	3	3
Mr R King	2	3

CASTLE Trust
(A company limited by guarantee)

Governance Statement (continued)

Review of Value for money

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

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

- Rigorous systems of internal control for establishing, reviewing and evaluating the school budget based on a framework of regular management information and administrative procedures, including the segregation of duties and a system of delegation and accountability;
- Ensuring resources are directed to where they are most needed and most effective in meeting educational requirements such as:
 - Targeting resources in key subjects areas such as English and Maths;
 - Monitoring the needs of individual pupils to ensure the provision they receive is highly personalised and relevant to their particular needs including support from the inclusions team which includes Home School Support Workers, Art therapy, counselling and the Emotional and Behaviour Development team;
 - Targeted use of Pupil Premium funding to support a key group of children within the school including opportunities for life-enriching visits as well as additional academic support such as 1-2-1 tutoring.
- Rigorous monitoring and evaluation of pupil progress and attainment including test results, value added progress and attendance;
- Robust financial governance arrangements that include approval of the annual budget, regular monitoring by the Governing Body and its committees, including the Audit Committee to ensure spending is within budget and meets the objectives of the school development plan. The work of the Governing Body and the committees is further informed by regular Internal Audit reports from Kreston Reeves LLP, Accountants;
- Sharing good practice amongst the Trust and other partner schools.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CASTLE Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board.

CASTLE Trust
(A company limited by guarantee)

Governance Statement (continued)

The Risk and Control Framework

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

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

The Board has considered the need for a specific internal audit function and has decided to appoint Kreston Reeves LLP as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the internal auditor reports to the Board, through the audit committee on the operation of the systems of control and on the discharge of the Board's financial responsibilities.

In particular the checks carried out in the period included:

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

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

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

Review of Effectiveness

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

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

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

Approved by order of the members of the Board on

and signed on their behalf, by:

Mrs S Burt
Chair of Directors

Ms K White
Accounting Officer

CASTLE Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of CASTLE Trust I have considered my responsibility to notify the Academy Trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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

Ms K White
Accounting Officer

CASTLE Trust
(A company limited by guarantee)

Statement of Directors' responsibilities
For the year ended 31 August 2016

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on _____ and signed on its behalf by:

Mrs S Burt
Chair of Directors

CASTLE Trust
(A company limited by guarantee)

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

We have audited the financial statements of CASTLE Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' responsibilities, the Directors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

CASTLE Trust
(A company limited by guarantee)

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

Matters on which we are required to report by exception

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

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

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

CASTLE Trust
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 18 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CASTLE Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of CASTLE Trust's funding agreement with the Secretary of State for Education dated 19 March 2014, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

CASTLE Trust
(A company limited by guarantee)

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

Work undertaken

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Susan Robinson BA FCA FCIE DChA MCMI (Senior statutory auditor)
for and on behalf of
Kreston Reeves LLP
Reporting Accountant

Date:

CASTLE Trust
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the year ended 31 August 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income from:						
Donations and capital grants	2	-	-	8,635	8,635	508,241
Charitable activities	4	-	2,822,631	-	2,822,631	1,943,591
Other trading activities	3	200,005	-	-	200,005	108,038
Total income		200,005	2,822,631	8,635	3,031,271	2,559,870
Expenditure on:						
Charitable activities		60,155	2,746,659	26,515	2,833,329	2,614,826
Total expenditure	5	60,155	2,746,659	26,515	2,833,329	2,614,826
Net income / (expenditure) before transfers		139,850	75,972	(17,880)	197,942	(54,956)
Transfers between Funds	16	(74,500)	74,500	-	-	-
Net income / (expenditure) before other gains and losses		65,350	150,472	(17,880)	197,942	(54,956)
Losses on revaluations of fixed assets	13	-	-	-	-	(3,354,550)
Actuarial losses on defined benefit pension schemes	20	-	(422,000)	-	(422,000)	(6,000)
Net movement in funds		65,350	(271,528)	(17,880)	(224,058)	(3,415,506)
Reconciliation of funds:						
Total funds brought forward		84,421	(334,172)	3,050,259	2,800,508	6,216,014
Total funds carried forward		149,771	(605,700)	3,032,379	2,576,450	2,800,508

All activities relate to continuing operations.

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

The notes on pages 23 to 44 form part of these financial statements.

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

Balance sheet
As at 31 August 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	13		2,998,287		3,024,802
Current assets					
Debtors	14	51,639		34,339	
Cash at bank and in hand		621,621		223,312	
			<u>673,260</u>	<u>257,651</u>	
Creditors: amounts falling due within one year	15	(259,097)		(119,945)	
			<u>414,163</u>		137,706
Net current assets					
Total assets less current liabilities			<u>3,412,450</u>		<u>3,162,508</u>
Defined benefit pension scheme liability	20		(836,000)		(362,000)
Net assets including pension scheme liabilities			<u><u>2,576,450</u></u>		<u><u>2,800,508</u></u>
Funds of the academy					
Restricted funds:					
Restricted income funds	16	230,300		27,828	
Restricted fixed asset funds	16	3,032,379		3,050,259	
			<u>3,262,679</u>	<u>3,078,087</u>	
Restricted funds excluding pension liability					
Pension reserve		(836,000)		(362,000)	
			<u>2,426,679</u>	<u>2,716,087</u>	
Total restricted funds					
Unrestricted funds	16		149,771		84,421
Total funds			<u><u>2,576,450</u></u>		<u><u>2,800,508</u></u>

The financial statements were approved by the Directors, and authorised for issue, on and are signed on their behalf, by:

Mrs S Burt
Chair of Directors

Mrs C Kempster
Director

The notes on pages 23 to 44 form part of these financial statements.

CASTLE Trust
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	389,674	(349,466)
Cash flows from investing activities:			
Capital grants from DfE/EFA		8,635	508,241
Net cash provided by investing activities		8,635	508,241
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		223,312	64,537
Cash and cash equivalents carried forward	19	621,621	223,312

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

1. Accounting policies

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

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

CASTLE Trust meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of CASTLE Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of CASTLE Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 24.

1.2 Going concern

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

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

1. Accounting policies (continued)

1.3 Income

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

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of 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 period is deducted from income and recognised as a liability.

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

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

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.

Costs of raising funds are all expenditure incurred by the Academy Trust to raise funds for its charitable purpose and includes all fundraising activities events and non-charitable trading.

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

All resources expended are inclusive of irrecoverable VAT.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised.

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

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

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property - over the term of the lease

1.6 Taxation

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

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

1.7 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.

Notes to the financial statements
For the year ended 31 August 2016

1. Accounting policies (continued)

1.8 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.9 Fund accounting

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

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

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

1.10 Cash at Bank and in hand

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

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

1. Accounting policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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

1.12 Operating leases

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

Notes to the financial statements
For the year ended 31 August 2016

1. Accounting policies (continued)

1.13 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

Multi-employer defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets

The Academy Trust has recognised tangible fixed assets with a carrying value of £2,998,287 at the reporting date (see note 13). These assets are stated at their cost less provision for depreciation and impairment. The Academy Trust's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the Academy Trust determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

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

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

1. Accounting policies (continued)

Critical areas of judgement:

Lease commitments

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

Multi-employer defined benefit pension scheme

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

Exemptions on transition to FRS102

The Academy Trust has elected to use the previous UK GAAP valuation of certain items of land and buildings as the deemed cost on transition to FRS102.

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Capital Grants	-	-	8,635	8,635	508,241

In 2015, of the total income from donations and capital grants, £Nil was to unrestricted funds, £Nil was to restricted funds and £508,241 was to restricted fixed asset funds.

3. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	2,130	-	2,130	2,787
Catering income	-	-	-	1,037
School trip and voluntary fund income	31,528	-	31,528	39,856
Other income	166,347	-	166,347	64,358
	200,005	-	200,005	108,038

In 2015, of the total income from other trading activities, £108,038 was to unrestricted funds and £nil was to restricted funds.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

4. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	2,128,810	2,128,810	1,472,200
Other DfE / EFA grants	-	272,276	272,276	363,598
	<u>-</u>	<u>2,401,086</u>	<u>2,401,086</u>	<u>1,835,798</u>
Other government grants				
Local Authority grants	-	421,545	421,545	107,793
	<u>-</u>	<u>421,545</u>	<u>421,545</u>	<u>107,793</u>
	<u>-</u>	<u>2,822,631</u>	<u>2,822,631</u>	<u>1,943,591</u>

In 2015, of the total income from charitable activities, £Nil was to unrestricted funds and £1,943,591 was to restricted funds.

In accordance with the Academies Accounts Direction 2015/16, capital grants for 2015 have been restated. These have been reclassified to donations and capital grants in note 2.

5. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Activities:					
Direct costs	1,497,959	-	469,239	1,967,198	1,356,050
Support costs	560,770	167,823	137,538	866,131	1,258,776
	<u>2,058,729</u>	<u>167,823</u>	<u>606,777</u>	<u>2,833,329</u>	<u>2,614,826</u>

In 2016, of the total expenditure, £62,058 (2015: £103,449) was to unrestricted funds and £2,719,271 (2015: £2,511,377) was to restricted funds.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

6. Charitable activities

	Total funds 2016 £	Total funds 2015 £
Direct costs - educational operations		
Wages and salaries	1,210,049	1,007,098
National insurance	98,980	65,708
Pension cost	188,930	126,847
Maintenance of furniture & ICT	39,483	25,707
Educational supplies & services	98,650	55,416
Staff development & other staff costs	164,458	75,274
Professional fees - curriculum	166,648	-
	1,967,198	1,356,050

In 2016, of the total expenditure from direct costs, £Nil (2015: £52,151) was to unrestricted funds and £1,967,198 (2015: £1,303,899) was to restricted funds.

Support costs - educational operations

Wages and salaries	425,596	315,990
National insurance	24,183	15,003
Pension cost	110,991	83,513
Depreciation	26,515	40,257
FRS 102 pension finance cost	13,000	13,000
Maintenance of premises & equipment	101,332	536,473
Rates & water	14,619	8,732
Insurance	5,393	24,684
Equipment & services - non curriculum	34,326	29,471
Internal audit costs	1,150	2,500
Catering	21,240	29,542
Transport costs	-	15,035
Light & heat	19,964	21,956
Voluntary fund expenditure	38,915	21,756
Legal & professional fees	21,149	92,949
Auditors' remuneration	5,855	5,750
Auditors' remuneration - other audit costs	850	825
Accountancy costs	1,053	1,340
	866,131	1,258,776
Total Academy's educational operations	2,833,329	2,614,826

In 2016, of the total expenditure from support costs, £60,155 (2015: £51,298) was to unrestricted funds and £805,976 (2015: £1,207,478) was to restricted funds.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

7. Net incoming resources/(resources expended)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	26,515	40,257
Auditors' remuneration - audit	5,855	5,750
Auditor's remuneration - non audit	1,053	1,340
Internal audit costs	1,150	2,500
	=====	=====

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

8. Staff costs

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	1,601,515	1,259,336
Social security costs	123,163	80,711
Other pension costs	299,921	210,360
	<u>2,024,599</u>	<u>1,550,407</u>
Supply teacher costs	34,130	63,752
	<u>2,058,729</u>	<u>1,614,159</u>

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

	2016	2015
	No.	No.
Teachers	26	28
Admin and Support	34	32
Management	6	6
	<u>66</u>	<u>66</u>

Average headcount expressed as a full time equivalent:

	2016	2015
	No.	No.
Teachers	26	26
Admin and Support	19	15
Management	6	6
	<u>51</u>	<u>47</u>

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

	2016	2015
	No.	No.
In the band £80,001 - £90,000	1	1

The employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 pension contributions for this employee amounted to £14,117 (2015: £11,413).

The key management personnel of the Academy Trust comprise the Directors and the Senior Leadership Team listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust during the year amounted to £399,580 (2015: £399,992).

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

9. Central services

No central services were provided by the Academy Trust to its academies during the year and no central charges arose.

10. Directors' remuneration and expenses

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

		2016	2015
		£	£
K White (Chief Executive and Director)	Remuneration	85,000-90,000	80,000-85,000
	Pension contributions paid	10,000-15,000	10,000-15,000
J Knight (Staff Governor and Director)	Remuneration	50,000-55,000	50,000-55,000
	Pension contributions paid	10,000-15,000	10,000-15,000

During the year, no Directors received any benefits in kind (2015: £NIL).

During the year ended 31 August 2016, travel and subsistence expenses totalling £5,285 (2015: £568) were reimbursed to 2 Directors (2015: 1). Increased costs are related to travel expenses incurred in the support of Greenway Academy, West Sussex, in terms of Teaching and Learning and Business and Finance.

Other related party transactions involving Directors are set out in note 22.

11. Directors' and Officers' Insurance

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

12. Other finance expense

	2016	2015
	£	£
Interest on pension scheme liabilities	(13,000)	(13,000)

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

13. Tangible fixed assets

	Long-term leasehold property £
Cost or valuation	
At 1 September 2015 and 31 August 2016	<u>3,035,000</u>
Depreciation	
At 1 September 2015	10,198
Charge for the year	<u>26,515</u>
At 31 August 2016	<u>36,713</u>
Net book value	
At 31 August 2016	<u>2,998,287</u>
At 31 August 2015	<u>3,024,802</u>

14. Debtors

	2016 £	2015 £
VAT recoverable	20,359	586
Prepayments and accrued income	31,280	33,753
	<u>51,639</u>	<u>34,339</u>

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

15. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	1,764	21,593
Other taxation and social security	-	28,019
Other creditors	-	24,841
Accruals and deferred income	257,333	45,492
	<u>259,097</u>	<u>119,945</u>
	<u>2016</u>	<u>2015</u>
	<u>£</u>	<u>£</u>
Deferred income		
Deferred income at 1 September 2015	36,500	-
Resources deferred during the year	249,659	36,500
Amounts released from previous years	(36,500)	-
Deferred income at 31 August 2016	<u>249,659</u>	<u>36,500</u>

At the balance sheet date the Academy Trust was holding funds received in advance for additional class funding and growth funding for 2016/17.

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

16. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	84,421	200,005	(60,155)	(74,500)	-	149,771
Restricted funds						
General Annual Grant (GAG)	27,416	2,128,810	(2,078,187)	(70,000)	-	8,039
Other DfE/EFA Grants	392	258,033	(110,664)	74,500	-	222,261
Other Government Grants	20	421,545	(421,565)	-	-	-
Teaching Schools	-	14,243	(14,243)	-	-	-
Pension reserve	(362,000)	-	(122,000)	70,000	(422,000)	(836,000)
	(334,172)	2,822,631	(2,746,659)	74,500	(422,000)	(605,700)
Restricted fixed asset funds						
Restricted Fixed Asset Fund	3,024,802	8,635	(26,515)	-	-	3,006,922
Other DfE/EFA Capital Grants	25,457	-	-	-	-	25,457
	3,050,259	8,635	(26,515)	-	-	3,032,379
Total restricted funds	2,716,087	2,831,266	(2,773,174)	74,500	(422,000)	2,426,679
Total of funds	2,800,508	3,031,271	(2,833,329)	-	(422,000)	2,576,450

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

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

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

Teaching Schools is entirely grant-based and is made up of an annual grant from the National College, as well as specific grants for example, supporting the development of the new curriculum. The annual grant is to advance the work of the Teaching School Alliance, a group of 60 Medway primary, secondary and specific schools against 'the big 6' KPIs, that all teaching schools are measured against. Where a grant is given for a particular purpose, the money is used to bring key players together, engage consultants, if necessary and purchase resources.

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

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

16. Statement of funds (continued)

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Delce Academy	380,071	112,249
Restricted fixed asset fund	3,032,379	3,050,259
Pension reserve	(836,000)	(362,000)
Total	2,576,450	2,800,508

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2016 £	Total 2015 £
Delce Academy	1,497,959	573,770	98,650	636,435	2,806,814	2,566,569

17. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	2,998,287	2,998,287	3,024,802
Current assets	149,771	489,397	34,092	673,260	257,651
Creditors due within one year	-	(259,097)	-	(259,097)	(119,945)
Provisions for liabilities and charges	-	(836,000)	-	(836,000)	(362,000)
	149,771	(605,700)	3,032,379	2,576,450	2,800,508

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

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

	2016	2015
	£	£
Net income/(expenditure) for the year (as per Statement of financial activities)	197,942	(54,956)
Adjustment for:		
Depreciation charges	26,515	40,257
(Increase)/decrease in debtors	(17,300)	38,845
Increase in creditors	139,152	93,629
Capital grants from DfE and other capital income	(8,635)	(508,241)
Defined benefit pension scheme cost less contributions payable	39,000	28,000
Defined benefit pension scheme finance income	13,000	13,000
	<hr/>	<hr/>
Net cash provided by/(used in) operating activities	389,674	(349,466)
	<hr/> <hr/>	<hr/> <hr/>

19. Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash in hand	621,621	223,312
	<hr/>	<hr/>
Total	621,621	223,312
	<hr/> <hr/>	<hr/> <hr/>

20. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £Nil were payable to the schemes at 31 August 2016 (2015: 24,804) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Notes to the financial statements
For the year ended 31 August 2016

20. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £188,930 (2015: £126,847).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £91,000 (2015: £73,000), of which employer's contributions totalled £70,000 (2015: £55,000) and employees' contributions totalled £21,000 (2015: £18,000). The agreed contribution rates for future years are 20.1% for employers and 5.5 to 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
Inflation assumption (RPI)	3.20 %	3.60 %

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

20. Pension commitments (continued)

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	414,000	314,000
Other Bonds	66,000	51,000
Property	86,000	62,000
Gilts	6,000	5,000
Cash	15,000	12,000
Target Return Portfolio	27,000	20,000
	<hr/>	<hr/>
Total market value of assets	614,000	464,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £72,000 (2015: £10,000).

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(109,000)	(83,000)
Net interest cost	(13,000)	(13,000)
	<hr/>	<hr/>
Total	(122,000)	(96,000)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	72,000	10,000
	<hr/> <hr/>	<hr/> <hr/>

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

20. Pension commitments (continued)

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

	2016 £	2015 £
Opening defined benefit obligation	826,000	696,000
Current service cost	109,000	83,000
Interest cost	33,000	30,000
Contributions by employees	21,000	18,000
Actuarial losses/(gains)	474,000	(1,000)
Benefits paid	(13,000)	-
	<u>1,450,000</u>	<u>826,000</u>
Closing defined benefit obligation	<u>1,450,000</u>	<u>826,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	464,000	381,000
Interest income	20,000	17,000
Actuarial gains and (losses)	52,000	(7,000)
Contributions by employer	70,000	55,000
Contributions by employees	21,000	18,000
Benefits paid	(13,000)	-
	<u>614,000</u>	<u>464,000</u>
Closing fair value of scheme assets	<u>614,000</u>	<u>464,000</u>

21. Operating lease commitments

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	7,909	11,140
Between 1 and 5 years	23,290	-
	<u>31,199</u>	<u>11,140</u>
Total	<u>31,199</u>	<u>11,140</u>

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

22. Related party transactions

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

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

Greenway Academy - a company in which Ms K White (a Director of the Academy Trust) is the Accounting Officer, Governor and Headteacher:

During the year, CASTLE Trust was reimbursed £3,600 (2015: £Nil) by Greenway Academy for the cost of A Darwent Literacy Consultants fees. There was no amounts outstanding at 31 August 2016 (2015: £Nil). The Trust confirmed the reimbursement was made on an arms length basis.

In addition, during the year, Delce Academy (an academy within CASTLE Trust) received income for the following costs and services provided to Greenway Academy:

- £40,000 (2015: £Nil) for the Service Level Agreement for Ms K White
- £1,760 (2015: £Nil) for the Edufin visit
- £2,083 (2015: £Nil) for the development of the new website by E4Education
- £1,800 (2015: £Nil) for the cost of supplying Mathematics teaching staff support
- £1,400 (2015: £Nil) for the cost of supplying Business staff support and
- £158 (2015: £Nil) for the cost of goods purchased by Delce Academy on behalf of Greenway Academy.

The Trust confirms all of the above services were provided on an arms length basis.

During the year Mrs S King, the wife of Mr R King (a Director) continued to provide services as a freelance teacher at Delce Academy. The cost to the Trust was £7,560 (2015: £7,245). There were no amounts outstanding at 31 August 2016 (2015: £nil).

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

During the year Mrs H Russell, the sister of Mrs J Knight (a Director) was employed at Delce Academy as a class teacher for which she received remuneration of £30,000 – 35,000 (2015: £25,000 – 30,000). There were no amounts outstanding at 31 August 2016 (2015: £Nil). The Academy made the appointment in accordance with its financial regulations prior to academy conversion, which Mrs J Knight neither participated in, nor influenced and the Trustees are comfortable that Mrs H Russell's salary provides value for money and is not at a preferential rate.

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

23. Controlling party

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

CASTLE Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2016

24. First time adoption of FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

Reconciliation of total funds	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		6,216,014	2,800,508
Total funds reported under FRS 102		<u>6,216,014</u>	<u>2,800,508</u>

Reconciliation of net (expenditure)	Notes	31 August 2015 £
Net (expenditure) previously reported under UK GAAP		(46,956)
Change in recognition of LGPS interest cost	A	(8,000)
Net movement in funds reported under FRS 102		<u>(54,956)</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £8,000 and increase the credit in other recognised gains and losses in the Statement of financial activities by an equivalent amount.