

Company registration number:
08397975 (England and Wales)



CASTLE SCHOOL EDUCATION TRUST
a company limited by guarantee

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

CASTLE SCHOOL EDUCATION TRUST

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CASTLE EDUCATION SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Rhona Allgood
Mike Ashfield
John Barrow
Richard Crabtree
Penelope Robinson
Stuart Hill

Directors

Rhona Allgood
Mike Ashfield
Graham Barley
John Barrow (resigned 21 February 2015)
Richard Crabtree (resigned 21 August 2015)
Paul Harrod
Stuart Hill (Chair)
Jason Lugg
Clive Parkinson
Timothy Pearce
Penelope Robinson
Melanie Warnes
Jon Welsh
Christopher White Horne (appointed 22 September 2014)

Castle School Education Trust senior leadership team

Chief executive and accounting officer	Melanie Warnes
Head of finance	Meng Kwok

Principal and registered office

Marlwood School
Vattingstone Lane
Alveston
South Gloucestershire
BS35 3LA

Company registration number

08397975

Independent auditor

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

Bankers

Lloyds Bank Plc
High Street
Chipping Sodbury
BS37 6AW

Solicitors

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

CASTLE SCHOOL EDUCATION TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The directors present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report under charity law and a directors' report under company law.

Structure, governance and management

Constitution

Castle School Education Trust (CSET) is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association dated 11 February 2013 are the primary governing documents of the Trust, which is a multi-academy trust. The directors of CSET are also the Trustees of the charitable trust for the purposes of charity law.

Details of the directors of CSET who served during the year to 31 August 2015 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

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

Principal activities

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

For the year ended 31 August 2015, CSET was responsible for four schools – The Castle School in Thornbury, Charfield Primary School in Charfield, Severn Beach Primary School, which converted to an academy on 1 September 2014, and Marlwood School, which converted to an academy on 1 November 2014. The activities, assets and liabilities of Severn Beach Primary School and Marlwood School were donated to the Trust on conversion.

CASTLE SCHOOL EDUCATION TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

Structure, governance and management (continued)

Method of recruitment and appointment or election of directors

The appointment or election of directors is dependent upon the type of director.

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

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

Policies and procedures adopted for the induction and training of directors

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

Organisational structure

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

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

The schools' governing bodies are responsible for agreeing and monitoring annual financial and operational performance targets, senior staff appointments and risk management.

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

CASTLE SCHOOL EDUCATION TRUST
DIRECTORS' REPORT
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Structure, governance and management (continued)

Risk management

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

The SLTs undertake regular reviews of risks facing schools and these are reviewed by the local governing bodies and the directors. They also monitor key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. In addition, the Finance & Resources Committees review regular reports from the Head of Finance and Business Management.

Connected organisations including related party relationships

There are no sponsors of the academy trust and there are no related parties which either control or significantly influence its decisions and operations. CSET has a close working relationship with Downend School through joint membership of Fortius Schools Trust.

Objectives and activities

Aim

CSET aims to provide a quality education in a caring environment.

Mission

CSET's mission is to create a robust collaboration of schools that provides:

- Strong dynamic and sustainable school leadership;
- Excellent professional learning for staff; and
- A high quality, whole education for children and young people with opportunities, experiences and excellent outcomes that no school can achieve alone.

Values

CSET's values are:

- A deep-rooted and continued commitment to inclusive education
- Absolute commitment to a 'rounded' quality education. This includes a commitment to a curriculum which promotes achievement for all and excellent outcomes for students
- A strong belief that working collaboratively and in partnership with others - who share our values - strengthens all
- A strong belief in the importance of collective responsibility for the success of all children in our community

CASTLE SCHOOL EDUCATION TRUST
DIRECTORS' REPORT
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Objectives and activities (continued)

Strategic priorities

CSET's strategic priorities for the period to August 2015 were:

1. Outcomes - To improve outcomes for all children in all of our schools;
2. Growth - To secure and open Academies that have a good fit with CSET's Values, Vision and Aims;
3. Sustainability - To create a healthy and sustainable Trust; and
4. Relationships - To build powerful relationships that enhance the education of all the children in the Trust's schools and contribute to outstanding professional development for our staff.

Public benefit

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

STRATEGIC REPORT

Achievements and performance

Castle School Education Trust

CSET has grown rapidly since its inception in 2013 when the Castle School converted to an Academy and Charfield Primary School joined in September 2013. In September 2014, Severn Beach Primary School joined CSET as a sponsored academy following an Ofsted judgement of Special Measures. In November 2014, Marlwood School joined as a sponsored academy. This followed leadership support being provided by the CSET Chief Executive from January 2014.

All the schools in the Trust were in a stronger position by the end of the year. Of particular note was Charfield's judgement of Outstanding in all categories following a full Section 5 Ofsted Inspection in July 2015. In addition, The Castle School underwent a No Formal Designation Monitoring Inspection. It endorsed the School's strategy and leadership particularly in raising standards for Pupil Premium students.

CSET leaders supported Mangotsfield School during the course of the year and following an Ofsted inspection outcome of Requires Improvement, action plans were mutually developed for the school to join CSET as a sponsored academy. The Chief Executive supported the school governors in appointing their new headteacher in preparation for the new school year.

CSET has worked closely with Downend School over a number of years. In 2014/15, this was characterised in particular by: Downend supporting CSET's plans and preparation for the opening of Lyde Green Primary School; releasing the Downend Headteacher to be the Interim Head and subsequently agree him to be Executive Headteacher of Mangotsfield School from September 2015; and the joint planning for Downend to join CSET with a target date of 2016. CSET's capacity has been strengthened by such collaborative working.

A notable success for the Trust was the work done during the year to successfully plan, manage and execute the opening of a new primary school; the educational provision of the school was planned for and launched in partnership with Mangotsfield Church of England Voluntary Controlled Primary School. Mangotsfield C of E Primary School is an outstanding maintained primary school which was able to contribute considerable expertise to the project. They are leading on all aspects of education during the first year of the school's opening in 2015/16 and will be contributing to the planning for the school's expansion in September 2016.

CASTLE SCHOOL EDUCATION TRUST
DIRECTORS' REPORT
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Achievements and performance (continued)

Castle School Education Trust (continued)

Further progress was made during the year to develop opportunities available to students within the Trust through the strengthening of our links with Premium Partners, Achievement for All and Whole Education. These initiatives align with the values and ethos of the Trust and help meet the needs of our students and school development priorities. This work is increasingly embedded and will extend to all schools as they join the Trust.

CSET is committed to developing ways of working, structures and systems that ensure good governance, sustainability, build and sustain capacity and model best practice. Considerable work has been undertaken to strengthen governance. Outcomes have included by a coherent governance schedule, a clear scheme of delegation, clarity of terms of reference and an increasingly robust approach to risk management. Directors have undertaken a review of the Articles of the Trust and considered various models for the composition of the Trust Board of Directors and Members in order to foster best practice and ensure sustainability.

Directors have recognised the need to develop a strategy for effective central provision. An Executive Team has been formed in recognition of the growth of the Trust and the anticipation of further growth in 2015/16. The opportunity presented by the scale of the Trust has led to the identification of key service functions to be delivered cross trust including finance, estates management, IT and data management. A coherent strategy and clear plan has been devised and implementation began in 2015 and will continue in 2016.

An on-going priority for CSET is improving the standard of some of its leasehold buildings. The Trust supported The Castle School in its successful bid to secure £378,000 to replace windows and doors. In addition there have been several measures taken to improve cost effectiveness exploiting increasing opportunities for economies of scale and joint working. This has included; a more cost effective Post 16 provision, broadband contract and resource procurement and increasing instances of sharing staffing costs.

CSET is committed to working in a collaborative way within the schools in the Trust and the wider community in order to secure outcomes that no school can achieve alone. This commitment represents a key strength of the Trust and underpins its willingness to consider opportunities for further collaborative arrangements with other schools. The Trust is committed to transforming lives and this is a shared endeavour. The Chief Executive and other key leadership staff with the Directors have been actively engaged in building and maintaining significant partnerships with other schools, academies and others e.g. South Gloucestershire Council and the Regional Schools Commissioner for the South West for the benefit of children and families locally. The Castle School is a National Support School in recognition of its on-going contribution to system wide improvements in schools. In her capacity as a National Leader of Education, the Chief Executive has contributed to local school improvement and national policy formulation, most notably being selected to provide policy recommendations to Education Ministers.

Charfield Primary School

Pupil numbers at Charfield School remain relatively static. 26 pupils entered into Early Years Foundation Stage (EYFS) for September 2015. This was an improved number on 2014 (17) and matched local authority projected numbers. The current number on roll is 176 pupils

2015 outcomes at Charfield School have remained consistently above the National Average in all Key Stages. Within EYFS, the proportion of children reaching a Good Level of Development (GLD) was 79%, 13% above the National Average. Year 1 have also performed exceptionally well with the proportion of pupils reaching the required phonics standard being 11% above the National Average.

KS1 Standards have remained high for a number of years. 2015 results were above national standards in all areas and significantly above in 2b+ for reading & writing; 2a+ for maths and writing and L3+ for writing and maths.

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Achievements and performance (continued)

Charfield Primary School (continued)

Pupils transition to high school ready for the next stage in their education. 2015 Attainment and Progress Outcomes for Key Stage 2 were once again outstanding. Pupil's attainment was above National standards for levels 4, 5 and 6 in all areas. The vast majority of pupils (94%+) made expected progress and proportions of children making more than expected progress were well above National standards. In July 2015, the school received its Section 5 Ofsted inspection. The Inspector judged the school to be Outstanding in every category.

Charfield's use of Pupil Premium funding is targeted to meet the academic and social needs of the FSM6 pupils and to close the gap between their achievement and that of non Pupil Premium pupils. RAISEonline data, although classed as insignificant due to pupil numbers, indicates that pupils' progress measures (Valued Added / Expected Progress) are above the National. Further information of how the Academy utilises Pupil Premium funding can be found on the school website.

Pupils' positive engagement in learning is demonstrable through high attendance rates which averaged 97.4%, which was above the local authority average of 96.1%. There was one fixed period exclusion of ½ a day in the 2014/15 academic year. There were no permanent exclusions.

Charfield continues to support the professional development of its staff. For teachers, the priority has been the quality of teaching particularly moving to Outstanding. The school has run a continuous cycle of continuing professional development (CPD) to support this, focusing on whole-school priorities of questioning, feedback and differentiation as well as responding to individual requests and needs. These have been delivered through a variety of opportunities. Standards over time remain high with teaching and outcomes stable through the year at 33% Good and 56% Outstanding (July 15).

In order to build on this success, teachers are continually involved in lesson study, a peer support and improvement initiative in which teachers work collaboratively to trial new pedagogy within a supportive working triad or group. These projects allow all teachers to identify their own development need, related to the SIP, and work collaboratively to develop their practice in this area, thereby addressing the individual's priorities.

Teaching support and administration staff have pursued professional and technical developments in order to ensure they are more effective within their roles. Within this area there has been increased use of CSET expertise in order to facilitate focused development opportunities for Charfield staff.

Severn Beach Primary School

Severn Beach is a much smaller than average primary school situated near the Severn estuary in the village of Severn Beach. There are currently 114 pupils on roll and this number reflects an improving trend in admissions over the past 18 months.

The school is organised into four classes and this academic year (2015/16) it has proved possible to provide a separate EYFS class due to a significant increase in admissions (24). The remaining classes are vertically grouped with Y1/Y2 (17/11pupils); Y2/Y3/Y4 (5/22/6 pupils) and Y4/Y5/Y6 (12/13/5 pupils). This academic year the very small Y6 group of five pupils will be of particular importance in terms of an individual pupil's impact (20%) on achievement and progress by the end of the academic year. Similarly, the school has 20% of pupils who qualify for FSM (National 26%); 20% of pupils from minority ethnic backgrounds (National 30%); 18% of pupils with a first language believed not to be English (National 19%) and 14% of pupils require SEND support (National 13%) (source: RAISEonline 2015).

CASTLE SCHOOL EDUCATION TRUST
DIRECTORS' REPORT
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Achievements and performance (continued)

Severn Beach Primary School (continued)

Although the attendance of a small number of families is still a cause for concern there has been a steady improvement in the overall attendance figures for the school. These are now in line with national figures for 2014/15 at 95%. The attendance policy has been reviewed to be in line with local cluster of schools; there has been active involvement and advice from the Local Authority and the Educational Welfare Officer and a governor has been tasked with specific responsibility for monitoring attendance levels and the actions of the school to address the issue. Most important of all has been the gradual improvement in the quality of teaching which has raised expectations of the children as learners.

2015 outcomes:

- 81% of pupils achieved a good level of development in Early Years compared to the national average of 76%
- 71% of pupils achieved the expected standards in phonics (National 77%) in Y1 with 89% achieving the standard in Y2 resits (National 90%)
- KS1 Average Points Scores were broadly in line with national in all subjects 15.8 (National 16.1) and in Reading 15.9 (National 16.1); Writing 15.9 (National 16.6) and Maths 16.3 (National 16.4)
- The Y6 cohort at the end of the last academic year totalled nine pupils and therefore each pupil had a statistical significance of approximately 11% on the data outcomes. Nevertheless, the percentage of pupils achieving Level 4 or above was again, broadly in line with the national picture. 78% achieved L4+ in Maths, Reading and Writing combined (National 80%); 78% in Maths (National 87%); 100% in Reading (National 89%); 78% in Writing (National 87%) and 100% in Grammar, Punctuation and Spelling (National 80%)
- KS2 Average Points Scores in all areas were also broadly in line with national in all subjects 27.5 (National 28.8) and in Reading 29.0 (National 29.0); Writing 27.0 (National 28.2); Maths 27.0 (National 29.0) and Grammar, Punctuation and Spelling 29.0 (National 29.1)
- In terms of the Value Added from KS1 to KS2 this was also a reasonably positive picture with VA scores for all subjects at 99.6; Maths 99.5; Reading 100.1 and Writing at 99.2
- However, the school needs to maintain its emphasis upon pupil progress especially in terms of writing and mathematics across the school.

The school continues to operate with an Executive Head Teacher working in partnership with an Associate Head Teacher (secured from Charfield School) who is responsible for the day to day operation of the school. In April 2015, the Associate Head Teacher was appointed Head Teacher of another school and the school moved quickly to secure another experienced deputy head teacher from within the local authority to assume the role of Associate Head Teacher with effect from May 2015. By the end of the academic year 2014/15, three members of the teaching staff had resigned and the school was able to make strong appointments for the new academic year 2015/16. There are now only two members left of the original teaching team inspected in January 2014 - the EYFS teacher whose teaching is outstanding and the recently qualified KS1 teacher who is now benefitting from job sharing with a very good teacher who has also assumed responsibility for SEND across the school. However, the staffing situation remains fragile with one temporary teacher in KS2 leaving at the end of term 2 and the other KS2 teacher on sick leave. The school staff will be endeavouring to recruit teaching staff into KS2 for the spring term and the Executive Head and Associate Head are working closely together to resolve these issues. As a result of this constantly changing and evolving set of circumstances the school remains at risk. However, the partnership with St Peter's School is providing additional support through the ongoing provision of a bursar and, in the immediate future, input from the school's mathematics leader with planning and children's work scrutiny.

CASTLE SCHOOL EDUCATION TRUST
DIRECTORS' REPORT
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Achievements and performance (continued)

Marlwood School

Student numbers at Marlwood School continue to be below admission number in the context of significant surplus places in the area. However, applications to Year 7 (for September 2014) increased for the first time in six years. The number on roll at the point of the most recent school census was 723 (587 – ages 11-16, 136 – Post-16).

Attainment, using the government measure of five or more A*-C grades at GCSE with English and Mathematics, was 45%. This was below projection, a significant contributor to this was below projected performance in English. Progress in Mathematics at Key Stage 4 remains above the national average at 73% (national average 66%). 51% of students made the expected progress in English Key Stages 2-4 (national average 72%). 20% of students achieved the English Baccalaureate. The outcomes in English have impacted on all headline figures and the school has been working with the exam board to resolve this.

A2 attainment at Marlwood School remains below the national average with average point score per student at 643.1 and average point score per entry at 195.6. The progress made by most students at Key Stage 5 is positive and in line with the national average.

Current data shows that all Marlwood School's Year 11 2014 school leavers went into Post-16 education, training or employment. The significant majority of students in Year 13 secured a place at their chosen university.

Students' positive engagement in their learning and the school community is demonstrable through improving attendance rates which averaged 93.6% (Year 7 to Year 11 2014/15) compared to 92.2% (Year 7 to Year 11 2013/14). Exclusion rates have fallen rapidly. There were 33 fixed period exclusions in the 2014/15 academic year (compared with 76 in 2013/14). There were two permanent exclusions in the 2014/15 academic year.

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

Marlwood School has focussed on establishing consistently good teaching and learning as typical. A professional learning community (PLC) has been established. To support the PLC Marlwood has engaged in a number of networks in the past year to support and drive the development of professional skills. In addition to joining Castle School Education Trust (CSET), the school became a member of the Cotswold Edge Training Alliance (CETA) and joined the Whole Education and Achievement For All national organisations. Staff are actively engaged with these networks in order to develop their own practice or to share good practice with others. Staff appraisal and pay and performance review is increasingly effective in setting high expectations, developing self-awareness and identifying development priorities in line with the school improvement strategy. As a result, lesson observation data show a rising trend with 80% of observed lessons good or better (2014/15). A comprehensive review of support staff personnel structure, systems and development is underway and will be concluded in 2015/16.

Marlwood School is working closely with The Castle School developing joint provision Post 16 thereby broadening the provision and opportunities for the local area.

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Achievements and performance (continued)

The Castle School

Student numbers at The Castle School continue to rise and are strong in the context of surplus places in the area. Applications to Year 7 (for September 2015) were high with considerable first preference applications. The number on roll on 23 November 2015 was 1,663 (1,324 – ages 11-16, 339 – Post-16), with Years 7 and 9 being full.

Attainment, when compared with the government measure of five or more A*-C grades at GCSE with English and Mathematics, was significantly above the national average at 72% for The Castle School (national average 56%).

Progress in English at Key Stage 4 remains above the national average. 86% of students made the expected progress in English Key Stages 2-4 (national average 71%) and 66% of students made the expected progress in Mathematics (national average 68%). 44% of students achieved the English Baccalaureate. A Level attainment at The Castle School remains significantly above the national average with average point score per student at 845 and average point score per entry at 229. The progress made by students at Key Stage 5 is positive and in line with the national average.

Current data shows that all The Castle School's Year 11 2015 school leavers went into Post-16 education, training or employment. The significant majority of students in Year 13 secured a place at their chosen university.

Students' positive engagement in their learning and the school community is demonstrable through high attendance rates which averaged 94.3% (Year 7 to Year 10 2014/15) and 93.7% (Year 11 Sept 2014 – May 2015) with low exclusion rates. There were 31 fixed period exclusions in the 2014/15 academic year (compared with 32 in the 2013/14 academic year). There were no permanent exclusions in the 2014/15 academic year.

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

The Castle School also has an extensive programme of career and employability learning for students, a distinctive feature of which is the innovative Premium Partner scheme. The work in this area has been recognised nationally – in 2015 the school has been awarded the Employability Chartermark; named as South West winner of Business/Education partnership by the Chamber of Commerce, a sole runner up in the National Finals; and the extensive STEM curriculum recognised by Rachel Beddoes' award as STEM Teacher of the Year in England.

The Castle School continues to support the professional learning of its staff. For teachers, the priority has been the quality of teaching, particularly moving to Outstanding. We have run a continuous cycle of continuing professional development (CPD) to support this, focusing on whole-school priorities of literacy, feedback and differentiation as well as responding to individual and group requests. These have been delivered through a variety of fora. As a result, lesson observation data shows a rising trend from 33% outstanding 2010-11 to 40% outstanding 2011-12 (42% of lessons judged outstanding in Ofsted, June 2012), 43% outstanding 2012/13, 44% 2013/14 and 52% 2014/15 as well as the percentage of good and outstanding lessons being consistently and reliably over 90% for the past five years.

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

The Castle School is working closely with Marlwood School developing joint provision Post 16 thereby broadening the provision and opportunities for the local area.

CASTLE SCHOOL EDUCATION TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

Going concern

After making appropriate enquiries, the board of directors 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.

Financial review

Most of the CSET's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2015` and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

At the end of the year the Trust carried forward £27,662,004 in restricted capital funds; £202,416, before deducting the defined benefit pension scheme liability of £2,904,000, in restricted general reserves, and £1,550,829 in unrestricted reserves. The directors have set aside £172,324 of unrestricted funds into a designated reserve for the future repair and maintenance of the astro-turf pitch at The Castle School.

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

Financial and risk management objectives and policies

A risk register is maintained and key risks have been reviewed during the year at appropriate levels in the organisation.

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

Principal risks and uncertainties

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

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

Reserves policy

It is the intention of the Trust to carry forward a prudent level of free reserves. The current level is considered sufficient to provide working capital to cover delays between spending and the receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The directors have reviewed the reserves of the Trust and consider them to be sufficient for the Trust's requirements, however the level of reserves is kept under constant review.

CASTLE SCHOOL EDUCATION TRUST
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Financial review (continued)

Investment policy

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

Plans for the future

The strategic planning carried out by the Board of Directors identified four priorities to be pursued at this formative stage of the Trust:

- Improve outcomes for students in all our schools;
- Secure and open academies that have a good fit with CSET values, vision and aims;
- Develop a healthy and sustainable Trust; and
- Build relationships that benefit education of students and development of staff

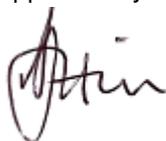
With effect from 1 September 2015, the Trust opened a new primary school, Lyde Green Primary School, and assumed responsibility for an existing secondary school, Mangotsfield School.

Provision of information to auditor

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

- there is no relevant audit information of which the company's auditor is unaware, and
- the 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.

This report was approved by the directors on 18 December 2015 and signed on their behalf.



Stuart Hill
Chair of Board of Directors

CASTLE SCHOOL EDUCATION TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the directors' report and the statement of directors' responsibilities. The board of directors has formally met nine times during the year. Attendance at meetings was as follows:

Director	Meetings attended	Out of a possible
Rhona Allgood	9	9
Mike Ashfield	8	9
Graham Barley	8	9
John Barrow	5	6
Richard Crabtree	5	9
Paul Harrod	9	9
Stuart Hill (Chair)	9	9
Jason Lugg	5	9
Clive Parkinson	1	9
Tim Pearce	4	9
Penelope Robinson	9	9
Melanie Warnes	9	9
Jon Welsh	5	9
Christopher White-Horne	9	9

No governance review to assess the impact and effectiveness of the board of directors was undertaken in the year. A review will be performed in 2015/16.

Review of Value for Money

As accounting officer the chief executive has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and has delivered improved value for money during the year by:

- working in conjunction with all schools in the Trust and two schools outside the Trust to jointly procure a broadband contract and achieving a saving of approximately £50,000 in the Trust and also improving broadband speed and performance in the process.
- reducing stationery costs by an average of approximately 5%, achieved by reviewing previous purchases, benchmarking prices with a selection of suppliers and negotiating with the current suppliers to meet the benchmarked cost.
- acquiring minibuses at a lower cost and shorter lease term than current leases.
- Standardising procurement procedures across the Trust to secure competitive 3 quotes and the use of preferred suppliers.

CASTLE SCHOOL EDUCATION TRUST

GOVERNANCE STATEMENT

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The board of directors 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 of directors is of the view that an appropriate method of managing the academy trust's significant risks that has been in place for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

The risk and control framework

The directors of Castle School Education Trust exercise a level of control through the governors of the schools in the Trust, who are responsible for ensuring the adequacy of financial controls and risk management within their schools. The local governing bodies have established finance and resources sub-committees that approve the delegation of authority within the schools and periodically review the internal reports showing planned and actual expenditure, to confirm that adequate financial control is being exercised.

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

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

The board of directors has considered the need for a specific internal audit function and has decided to appoint South Gloucestershire Council as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a regular basis, the internal auditor reports to the board of directors, through the audit committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

Risk management

The directors have had a risk management policy in place throughout the period under review. The key risks and the associated treatment plans are reviewed by the directors each year

CASTLE SCHOOL EDUCATION TRUST

GOVERNANCE STATEMENT

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditor; and
- the work of the Head of Finance and Business Management with responsibility for the financial management of the Trust.

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

Approved by order of the members of the board of directors on 18 December 2015 and signed on its behalf by:



Stuart Hill
Chair of Board of Directors

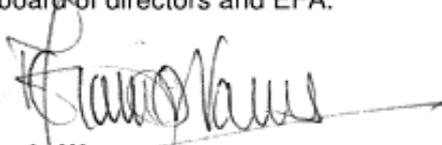
CASTLE SCHOOL EDUCATION TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Castle School Education Trust I have considered my responsibility to notify the academy trust board of directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Trust board of directors 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.

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 directors and EFA.



Melanie Warnes
Chief Executive and Accounting Officer

Dated: 18 December 2015

CASTLE SCHOOL EDUCATION TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors (who act as governors of Castle School Education Trust and are also the Trustees of the charitable trust for the purposes of charity law) are responsible for preparing 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 of directors on 18 December 2015 and signed on its behalf by:



Stuart Hill
Chair of Board of Directors

CASTLE SCHOOL EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS AND DIRECTORS OF CASTLE SCHOOL EDUCATION TRUST

We have audited the financial statements of Castle School Education Trust ("the Academy") for the year ended 31 August 2015 which comprise the statement of financial activities, incorporating the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the Education Funding Agency ("the EFA").

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and to the directors, as a body, in accordance with the Academies Accounts Direction 2014 to 2015 (SORP 2005). Our audit work has been undertaken so that we might state to the Academy's members and directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy, the Academy's members as a body and the Academy's directors as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors (who act as governors of Castle School Education Trust and are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

CASTLE SCHOOL EDUCATION TRUST

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO
THE MEMBERS AND DIRECTORS OF CASTLE SCHOOL EDUCATION TRUST**

Matters on which we are required to report by exception

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

- adequate and proper accounting records have not been kept in respect of the Academy, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements do not accord with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; or
- any information or explanation to which we are entitled has not been afforded to us.

BDO LLP

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

Date: 21 December 2015

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

CASTLE SCHOOL EDUCATION TRUST

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

In accordance with the terms of our engagement letter dated 29 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015 (SORP 2005), we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Castle School Education Trust during the year to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Castle School Education Trust and to the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Castle School Education Trust and to 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 School Education Trust and to the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Castle School Education Trust's funding agreement with the Secretary of State for Education dated 22 February 2013 and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015 (SORP 2005). 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 2014 to 31 August 2015 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 2014 to 2015 (SORP 2005) 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's income and expenditure.

The work undertaken to draw our conclusion includes an assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified. Our work is performed in accordance with Part 9 of the Academies Accounts Direction 2014 to 2015 (SORP 2005).

CASTLE SCHOOL EDUCATION TRUST

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

Conclusion

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

BDO LLP

BDO LLP

Chartered Accountants

Bristol, UK

Date: *21 December 2015*

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

CASTLE SCHOOL EDUCATION TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Year to 31 August 2015 Total £	Year to 31 August 2014 Total £
Incoming resources from generated funds						
Voluntary income – transfer from Local Authority on conversion	2,30	99,132	(909,462)	17,164,526	16,354,196	1,307,100
Voluntary income – other	2	22,270	21,116	-	43,386	30,426
Activities for generating funds	3	94,090	-	-	94,090	53,930
Investment income	4	9,678	-	-	9,678	3,612
Incoming resources from charitable activities						
Funding for the academy trust's educational operations	5	-	13,648,416	444,966	14,093,382	9,361,869
Other income	6	121,793	550,221	-	672,014	540,120
Total incoming resources		346,963	13,310,291	17,609,492	31,266,746	11,297,057
Costs of generating funds						
Fundraising trading	8	15,537	-	-	15,537	25,765
Charitable activities						
Academy trust's educational operations	9	304,796	14,439,300	1,207,649	15,951,745	10,536,236
Governance costs	10	-	26,943	-	26,943	64,980
Total resources expended	7	320,333	14,466,243	1,207,649	15,994,225	10,626,981
Net income/(expenditure) for the period before transfers		26,630	(1,155,952)	16,401,843	15,272,521	670,076
Transfers						
Gross transfers between funds	19	-	(73,564)	73,564	-	-
Net income/(expenditure) for the period		26,630	(1,229,516)	16,475,407	15,272,521	670,076
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	19,28	-	(275,000)	-	(275,000)	401,000
Net movement in funds		26,630	(1,504,516)	16,475,407	14,997,521	1,071,076
Reconciliation of funds						
Fund balances brought forward		1,524,199	(1,197,068)	11,186,597	11,513,728	10,442,652
Fund balances carried forward		1,550,829	(2,701,584)	27,662,004	26,511,249	11,513,728

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

All of the academy's activities derive from continuing operations in the current financial period.

CASTLE SCHOOL EDUCATION TRUST
Registered Company Number 08397975
BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	2014 £
Fixed assets				
Tangible assets	15		27,648,851	11,179,977
			<u>27,648,851</u>	<u>11,179,977</u>
Current assets				
Debtors	16	562,812		238,657
Investments	17	1,005,658		1,000,000
Cash at bank and in hand		1,702,798		1,383,108
			<u>3,271,268</u>	<u>2,621,765</u>
Creditors: amounts falling due within one year	18	(1,504,870)		(754,014)
Net current assets			1,766,398	1,867,751
Total assets less current liabilities			29,415,249	13,047,728
Pension scheme liability	28		(2,904,000)	(1,534,000)
Net assets including pension liability			26,511,249	11,513,728
			<u>26,511,249</u>	<u>11,513,728</u>
The funds of the academy trust:				
Restricted income funds				
Fixed asset fund	19	27,662,004		11,186,597
General fund	19	202,416		336,932
Pension reserve	19	(2,904,000)		(1,534,000)
Total restricted funds			24,960,420	9,989,528
Unrestricted funds				
Designated funds	19	172,324		147,389
General funds	19	1,378,505		1,376,810
Total unrestricted funds			1,550,829	1,524,199
Total funds			26,511,249	11,513,728
			<u>26,511,249</u>	<u>11,513,728</u>

The financial statements on pages 23 to 47 were approved by the directors, and authorised for issue on 18 December 2015 and are signed on their behalf by:



Stuart Hill
Chair of Board of Directors

CASTLE SCHOOL EDUCATION TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Year to 31 August 2015 Total £	Year to 31 August 2014 Total £
Net cash (outflow)/inflow from operating activities	24	(238,365)	192,224
Returns on investments and servicing of finance	25	9,678	2,332
Capital expenditure	25	323,196	(38,689)
Management of liquid resources	25	(5,658)	(1,000,000)
Cash transferred on conversion to an academy trust*		230,839	73,736
Increase/(decrease) in cash in the period	26	319,690	(770,397)
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the period		319,690	(770,397)
Cash outflow from movement in liquid resources		5,658	1,000,000
Net funds at 1 September 2014		2,383,108	2,153,505
Net funds at 31 August 2015	26	2,708,456	2,383,108

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

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Conversion to an academy trust

The conversions of the new schools from state maintained schools to an academy operating within the Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the predecessor body to the academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Castle School Education Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in Note 30.

1.3 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 company to continue as a going concern. The directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.4 Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the period for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.4 Incoming resources (continued)

Donations

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

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's policies.

1.5 Resources expended and liabilities

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

Costs of generating funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

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

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.6 Tangible assets and depreciation

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

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

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

Long leasehold land	-	term of lease
Long leasehold buildings	-	5 to 46 years
Fixtures, fittings and equipment	-	5 years
ICT equipment	-	3 to 5 years
Motor vehicles	-	5 years

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

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

1.7 Leased Assets

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

1.8 Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty

Liquid resources comprise assets readily disposable but not within 24 hours without penalty. They include short term deposits and other instruments held.

1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.10 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of four yearly valuations using a prospective benefit method. As stated in Note 28, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each period.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.11 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 the Education Funding Agency (EFA), Department for Education (DfE) or other funders, where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the EFA and DfE.

Designated funds are unrestricted funds that the directors have earmarked for a particular purpose.

2. VOLUNTARY INCOME

	Unrestricted funds	Restricted funds	Year to 31 August 2015	Year to 31 August 2014
	£	£	£	£
Private sponsorship	22,270	-	22,270	10,393
Other donations	-	21,116	21,116	20,033
Transferred on conversion (see Note 30)	99,132	16,255,064	16,354,196	1,307,100
	<u>121,402</u>	<u>16,276,180</u>	<u>16,397,582</u>	<u>1,337,526</u>

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds	Restricted funds	Year to 31 August 2015	Year to 31 August 2014
	£	£	£	£
Hire of facilities	81,108	-	81,108	43,147
Other activities for generating funds	12,982	-	12,982	10,783
	<u>94,090</u>	<u>-</u>	<u>94,090</u>	<u>53,930</u>

4. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	Year to 31 August 2015	Year to 31 August 2014
	£	£	£	£
Bank interest	7,914	-	7,914	2,513
Short-term deposits	1,764	-	1,764	1,099
	<u>9,678</u>	<u>-</u>	<u>9,678</u>	<u>3,612</u>

5. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	Year to 31 August 2015	Year to 31 August 2014
	£	£	£	£
DfE / EFA grants				
General annual grant (GAG)	-	12,475,132	12,475,132	8,469,705
Pupil premium	-	230,903	230,903	160,219
Capital grants	-	444,966	444,966	38,701
Other DfE/EFA grants	-	377,252	377,252	256,474
	<u>-</u>	<u>13,528,253</u>	<u>13,528,253</u>	<u>8,925,099</u>
Other Government grants				
Local authority grants	-	565,129	565,129	436,770
	<u>-</u>	<u>565,129</u>	<u>565,129</u>	<u>436,770</u>
	<u>-</u>	<u>14,093,382</u>	<u>14,093,382</u>	<u>9,361,869</u>

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

6. OTHER INCOME

	Unrestricted funds	Restricted funds	Year to 31 August 2015	Year to 31 August 2014
	£	£	£	£
Contributions to trips	-	460,873	460,873	321,836
Consultancy	4,565	38,107	42,672	91,078
Other income	117,228	51,241	168,469	127,206
	<u>121,793</u>	<u>550,221</u>	<u>672,014</u>	<u>540,120</u>

7. RESOURCES EXPENDED

	Staff costs	Premises	Other costs	Year to 31 August 2015	Year to 31 August 2014
	£	£	£	£	£
Costs of activities for generating funds	5,695	-	9,842	15,537	25,765
Academy trust's educational operations:					
- Direct costs	9,975,710	1,206,274	1,396,999	12,578,983	8,601,301
- Allocated support costs	1,531,159	684,633	1,156,970	3,372,762	1,934,935
	<u>11,506,869</u>	<u>1,890,907</u>	<u>2,553,969</u>	<u>15,951,745</u>	<u>10,536,236</u>
Governance costs including allocated support costs	-	-	26,943	26,943	64,980
	<u>11,512,564</u>	<u>1,890,907</u>	<u>2,590,754</u>	<u>15,994,225</u>	<u>10,626,981</u>

Incoming/outgoing resources for the period include:

	Year to 31 August 2015	Year to 31 August 2014
	£	£
Operating lease rentals	36,383	15,897
Auditor's remuneration – audit of financial statements	19,750	11,750
Auditor's remuneration – other services	4,593	11,275
	<u>60,726</u>	<u>38,922</u>

8. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	Year to 31 August 2015	Year to 31 August 2014
	£	£
Sports Centre - staff	5,695	9,869
Sports Centre - other costs	-	8,099
Other	9,842	7,797
	<u>15,537</u>	<u>25,765</u>

CASTLE SCHOOL EDUCATION TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

9. CHARITABLE ACTIVITIES – ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Year to 31 August 2015 £	Year to 31 August 2014 £
Direct costs		
Teaching and educational support staff costs	9,975,710	6,977,580
Depreciation	1,206,274	686,696
Technology costs	60,940	53,456
Educational supplies	258,692	147,882
Examination fees	252,762	169,584
Staff development	43,026	25,260
Educational trips	496,159	352,932
Other direct costs	285,420	187,911
	12,578,983	8,601,301
Allocated support costs		
Support staff costs	1,531,159	1,044,734
Technology costs	58,429	40,896
Recruitment and support	10,788	17,053
Maintenance of premises and equipment	279,334	100,165
Cleaning	112,776	18,677
Rent and rates	50,083	43,197
Energy costs	242,440	150,203
Insurance	109,041	72,785
Security and transport	96,633	40,877
Catering	115,220	58,372
Bank interest and charges	800	296
Other support costs	766,059	347,680
	3,372,762	1,934,935
	15,951,745	10,536,236

10. GOVERNANCE COSTS

	Year to 31 August 2015 £	Year to 31 August 2014 £
Legal and professional fees	2,600	39,205
Auditor's remuneration - audit of financial statements	19,750	11,750
Auditor's remuneration - other services	4,593	11,275
Internal audit services	-	2,750
	26,943	64,980
	26,943	64,980

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

11. STAFF COSTS

a. Staff costs

	Year to 31 August 2015 £	Year to 31 August 2014 £
Wages and salaries	9,367,053	6,568,013
Social security costs	660,488	460,255
Pension costs	1,485,023	1,003,915
	<u>11,512,564</u>	<u>8,032,183</u>
Supply teacher costs	140,870	42,363
	<u>11,653,434</u>	<u>8,074,546</u>

b. Staff numbers

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

	Year to 31 August 2015 FTE	Year to 31 August 2014 FTE
Charitable Activities		
Teaching	181	121
Administration and support	106	85
Management	21	13
	<u>308</u>	<u>219</u>

c. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	Year to 31 August 2015 No.	Year to 31 August 2014 No.
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015 employer's pension contributions for these staff amounted to £56,921 (2014 - £46,380).

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

12. CENTRAL SERVICES

The lead sponsor academy, The Castle School, has provided the following central services to its academies during the year:

- financial services, and
- management support services.

The lead sponsor academy charges for these services on the basis of estimated staff time spent dealing with the affairs of other academies.

The actual amounts charged during the year were as follows:

Marlwood School	£ 84,725
Charfield Primary School	9,570
Severn Beach Primary School	6,985
	<hr/>
	101,280
	<hr/> <hr/>

13. RELATED PARTY TRANSACTIONS – DIRECTOR REMUNERATION AND EXPENSES

In accordance with the Trust's memorandum and articles of association, the chief executive and other staff directors only receive remuneration in respect of services they provide undertaking the roles of chief executive and staff, and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the academy trust in respect of their role as directors. The value of directors' remuneration was as follows:

Melanie Warnes (chief executive and director)	£115,000 - £120,000	(2014: £110,000 - £115,000)
Jon Welsh (staff director)	£45,000 - £50,000	(2014: £45,000 - £50,000)

The Trust paid pension contributions totalling £23,769 (period ended 31 August 2014 - £22,973) on behalf of Melanie Warnes and Jon Welsh.

During the year ended 31 August 2015, £655 (2014 – nil) was reimbursed to one director (2014 – no directors) for travel or subsistence.

Other related party transactions involving the directors are set out in Note 29.

14. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the academy has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 (2014 - £5,000,000) on any one claim and the cost for the year ended 31 August 2015 was £6,989 including insurance premium tax (period ended 31 August 2014: £2,330 including insurance premium tax).

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

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

15. TANGIBLE ASSETS

	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost					
At 1 September 2014	11,954,565	58,336	143,598	5,596	12,162,095
Transfer on conversion	17,112,357	-	-	-	17,112,357
Additions	385,671	34,531	143,963	-	564,165
Disposals	-	(1,374)	-	-	(1,374)
At 31 August 2015	29,452,593	91,493	287,561	5,596	29,837,243
Depreciation					
At 1 September 2014	917,670	12,756	50,013	1,679	982,118
Charge	1,131,764	16,020	57,371	1,119	1,206,274
Disposals	-	-	-	-	-
At 31 August 2015	2,049,434	28,776	107,384	2,798	2,188,392
Net book value					
At 31 August 2015	27,403,159	62,717	180,177	2,798	27,648,851
At 1 September 2014	11,036,895	45,580	93,585	3,917	11,179,977

16. DEBTORS

	2015 £	2014 £
Trade debtors	6,590	24,786
VAT recoverable	342,910	97,720
Other debtors	2,661	1,696
Prepayments	157,739	61,725
Accrued income	52,912	52,730
	562,812	238,657

17. SHORT-TERM INVESTMENTS

	£
Notice or fixed-term cash deposits at 1 September 2014	1,000,000
Additions	5,658
Notice or fixed-term cash deposits at 31 August 2015	1,005,658

CASTLE SCHOOL EDUCATION TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

18. CREDITORS:

Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	482,301	268,058
Taxation and social security	205,272	130,934
Other creditors	175,009	125,607
Accruals	398,998	51,613
Deferred income	243,290	177,802
	1,504,870	754,014
	1,504,870	754,014

Deferred income

	£
Deferred Income at 1 September 2014	177,802
Resources deferred in the year	243,290
Amounts released from previous periods	(177,802)
	243,290
Deferred Income at 31 August 2015	243,290

At the balance sheet date the academy trust was holding funds received in advance for services and activities to be performed after the balance sheet date. This included funds to be spent on Mangotsfield School and Lyde Green Primary School, which joined the academy trust after the balance sheet date (see Note 31).

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

19. FUNDS

	Balance at 1 September 2014 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2015 £
Restricted general funds					
General annual grant (GAG)	200,453	12,475,132	(12,602,021)	(73,564)	-
Pupil premium funding	79,698	230,903	(310,601)	-	-
SEN funding	-	565,129	(565,129)	-	-
School Fund	56,143	540,411	(472,403)	-	124,151
Conversion funding	-	141,342	(79,932)	-	61,410
Other restricted funds	638	346,374	(330,157)	-	16,855
Pension reserve	(1,534,000)	(989,000)	(106,000)	(275,000)	(2,904,000)
	<u>(1,197,068)</u>	<u>13,310,291</u>	<u>(14,466,243)</u>	<u>(348,564)</u>	<u>(2,701,584)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	57,556	444,966	(96,733)	-	405,789
Inherited capital funds	88,179	52,168	(10,434)	-	129,913
Inherited fixed assets	11,040,862	17,112,358	(1,100,482)	-	27,052,738
Capital expenditure from GAG	-	-	-	73,564	73,564
	<u>11,186,597</u>	<u>17,609,492</u>	<u>(1,207,649)</u>	<u>73,564</u>	<u>27,662,004</u>
Total restricted funds	<u>9,989,529</u>	<u>30,919,783</u>	<u>(15,673,892)</u>	<u>(275,000)</u>	<u>24,960,420</u>
Unrestricted funds					
Astro-turf pitch sinking fund	147,389	-	-	24,935	172,324
Other unrestricted funds	1,376,810	346,963	(320,333)	(24,935)	1,378,505
	<u>1,524,199</u>	<u>346,963</u>	<u>(320,333)</u>	<u>-</u>	<u>1,550,829</u>
Total funds	<u>11,513,728</u>	<u>31,266,746</u>	<u>(15,994,225)</u>	<u>(275,000)</u>	<u>26,511,249</u>

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

General annual grant (GAG)

The general annual grant (GAG) must be used for the normal running costs of the Trust's schools. It can also be applied to capital expenditure. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Pupil premium funding

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

SEN funding

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

School Fund

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

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

19. FUNDS (continued)

Conversion Fund

The conversion fund holds grants received to cover the costs of legal and professional advice, software licences, and re-branding and other costs associated with the conversion of new schools from state maintained school to an academy within Castle School Education Trust.

Pension reserve

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

DfE/EFA capital grants

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

Inherited capital funds

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

Inherited fixed assets

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

Astro-turf pitch sinking fund

This is a designated fund created by the directors to comply with the requirements of the funders of the Castle School's astro-turf pitch. The fund is to be used for the repair and maintenance of the astro-turf pitch.

Other unrestricted funds

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

20. ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2015 were allocated as follows:

	£
The Castle School	1,607,864
Marlwood School	98,981
Charfield Primary School	73,325
Severn Beach Primary School	(26,925)
	<hr/>
Total before fixed assets and pension reserve	1,753,245
Restricted fixed asset fund	27,662,004
Pension reserve	(2,904,000)
	<hr/>
Total	26,511,249
	<hr/> <hr/>

CASTLE SCHOOL EDUCATION TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

21. ANALYSIS OF ACADEMIES BY COSTS

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depreciation) £	Total £
The Castle School	6,424,916	1,070,726	156,254	1,690,558	9,342,454
Marlwood School	2,739,082	339,017	81,731	929,575	4,089,405
Charfield Primary School	477,836	54,448	13,173	187,012	732,469
Severn Beach Primary School	333,876	66,968	7,534	215,245	623,623
	<u>9,975,710</u>	<u>1,531,159</u>	<u>258,692</u>	<u>3,022,390</u>	<u>14,787,951</u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2015 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total Funds £
Tangible fixed assets	-	-	27,648,851	27,648,851
Current assets	1,550,829	1,707,286	13,153	3,271,268
Current liabilities	-	(1,504,870)	-	(1,504,870)
Pension scheme liability	-	(2,904,000)	-	(2,904,000)
Total net assets	<u>1,550,829</u>	<u>(2,701,584)</u>	<u>27,662,004</u>	<u>26,511,249</u>

23. FINANCIAL COMMITMENTS

Operating leases

At 31 August 2015 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Other (not land and buildings):		
Expiring within one year	1,668	14,718
Expiring within two and five years inclusive	17,195	-
	<u>18,863</u>	<u>14,718</u>

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

24. NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year to 31 August 2015 £	Year to 31 August 2014 £
Net income	15,272,521	670,076
Donation - cash transferred on conversion	(230,839)	(73,736)
Donation - fixed assets less pension liability transferred on conversion	(16,123,357)	(1,233,364)
Depreciation	1,206,274	686,696
Loss on disposal of fixed assets	-	2,190
Capital grants from DfE and other capital income	(444,966)	(38,701)
Interest receivable	(9,678)	(2,332)
FRS 17 pension cost less contributions payable	64,000	47,000
FRS 17 pension finance income	42,000	58,000
(Increase)/decrease in debtors	(324,155)	15,108
Increase/(decrease) in creditors	309,835	61,287
Net cash (outflow)/inflow from operating activities	(238,365)	192,224

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

	Year to 31 August 2015 £	Year to 31 August 2014 £
Returns on investments and servicing of finance		
Interest received	9,678	2,332
Net cash inflow from returns on investment and servicing of finance	9,678	2,332

	Year to 31 August 2015 £	Year to 31 August 2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(270,144)	(77,390)
Capital grants from DfE/EFA	444,966	38,701
Capital grants from local authority	147,000	-
Receipts from sale of tangible fixed assets	1,374	-
Net cash inflow/(outflow) from capital expenditure and financial investment	323,196	(38,689)

	Year to 31 August 2015 £	Year to 31 August 2014 £
Management of liquid resources		
Cash placed on short term deposits	(5,658)	(1,000,000)
Net cash outflow from management of liquid resources	(5,658)	(1,000,000)

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

26. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2014 £	Cash flows £	At 31 August 2015 £
Cash at bank and in hand	1,383,108	319,690	1,702,798
Liquid resources: short-term deposits	1,000,000	5,658	1,005,658
	<u>2,383,108</u>	<u>325,348</u>	<u>2,708,456</u>

27. MEMBERS' LIABILITY

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

CASTLE SCHOOL EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

28. PENSION AND SIMILAR OBLIGATIONS

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

The LGPS obligation relates to the employees of the academy trust, who include the employees transferred as part of the conversion described in Note 30 and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £191,870 (2014 - £122,239) were payable to the schemes at 31 August 2015 and are included within other creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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%.

CASTLE SCHOOL EDUCATION TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

28. PENSION AND SIMILAR OBLIGATIONS (continued)

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

The pension costs paid to TPS in the period amounted to £975,500 (2014 - £687,838).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2015 was £574,000 (2014 - £359,000), of which employer's contributions totalled £437,000 (2014 - £268,000) and employees' contributions totalled £137,000 (2014 - £91,000). The agreed contribution rates for future years are 13% per cent for employers and 5.5%-12.5% per cent for employees, depending on salary band.

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained schools and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the academy trust at the balance sheet date.

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	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	3.7%	3.6%
Rate of increase for pensions in payment/inflation	2.2%	2.1%
Discount rate for scheme liabilities	3.9%	3.9%
Inflation assumption (CPI)	2.2%	2.1%
Sensitivity analysis on the principle actuarial assumptions	At 31 August 2015 £	At 31 August 2014 £
Increase/(decrease) in deficit:		
Discount rate increased by 0.1% per annum	(149,000)	(86,000)
Inflation increased by 0.1% per annum	151,000	86,000
Life expectancy increased by 1 year	119,000	70,000

CASTLE SCHOOL EDUCATION TRUST

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28. PENSION AND SIMILAR OBLIGATIONS (continued)

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

	At 31 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	23.4	23.3
Females	25.9	25.8
<i>Retiring in 20 years</i>		
Males	25.8	25.7
Females	28.8	28.7

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

	Expected return at 31 August 2015	Fair values at 31 August 2015	Expected return at 31 August 2014	Fair values at 31 August 2014
		£		£
Equities	6.5%	2,281,000	7.0%	1,429,000
Government bonds	2.5%	369,000	2.9%	223,000
Other bonds	3.6%	464,000	3.8%	278,000
Property	6.1%	332,000	6.2%	197,000
Cash/liquidity	0.5%	90,000	0.5%	86,000
Other	6.5%	566,000	7.0%	381,000
Total market value of assets		4,102,000		2,594,000
Present value of scheme liabilities				
- Funded		(7,006,000)		(4,128,000)
Deficit in the scheme		(2,904,000)		(1,534,000)

The actual return on scheme assets was £68,000 (2014 - £207,000).

Amounts recognised in the statement of financial activities

	Year to 31 August 2015	Year to 31 August 2014
	£	£
Current service cost (net of employee contributions)	501,000	315,000
Past service cost	-	-
Total operating charge	501,000	315,000

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	198,000	109,000
Interest on pension liabilities	(240,000)	(167,000)
Pension finance income/(costs)	(42,000)	(58,000)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is £740,000 (2014 - £465,000) gain.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

28. PENSION AND SIMILAR OBLIGATIONS (continued)

Movements in the present value of defined benefit obligations were as follows:	Year to 31 August 2015 £	Year to 31 August 2014 £
At 1 September	4,128,000	3,366,000
Transferred from predecessor school on conversion	1,958,000	197,000
Current service cost	501,000	315,000
Interest cost	240,000	167,000
Employee contributions	137,000	91,000
Actuarial (gain)/loss	146,000	119,000
Benefits paid	(104,000)	(127,000)
Past service cost	-	-
Curtailments and settlements	-	-
At 31 August	7,006,000	4,128,000

Movements in the fair value of academy's share of scheme assets:	Year to 31 August 2015 £	Year to 31 August 2014 £
At 1 September	2,594,000	1,657,000
Transferred from predecessor school on conversion	969,000	76,000
Expected return on assets	198,000	109,000
Actuarial gain/(loss)	(129,000)	520,000
Employer contributions	437,000	268,000
Employee contributions	137,000	91,000
Benefits paid	(104,000)	(127,000)
At 31 August	4,102,000	2,594,000

The estimated value of employer contributions for the year ended 31 August 2016 is £486,000.

The five-year history of experience adjustments is as follows:

	2015 £	2014 £	2013 £	2012 £	2011 £
Present value of defined obligations	7,006,000	4,128,000	3,366,000	n/a	n/a
Fair value of share of scheme assets	4,102,000	2,594,000	1,657,000	n/a	n/a
Deficit in the scheme	2,904,000	1,534,000	1,709,000	n/a	n/a
Experience adjustments on share of scheme assets	(129,000)	520,000	4,000	n/a	n/a
Experience adjustments on scheme liabilities	-	(19,000)	-	n/a	n/a

CASTLE SCHOOL EDUCATION TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

29. 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 a director 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.

Director Rhona Allgood invoiced the Trust £nil (Year to 31 August 2014: £3,730) for services as company secretary.

30. CONVERSION TO AN ACADEMY TRUST

On 1 September 2014 Severn Beach Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to academy trust from South Gloucestershire Council for £nil consideration.

On 1 November 2014 Marlwood School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to academy trust from South Gloucestershire Council for £nil consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income expended.

The following table sets out the fair values of the identifiable assets and liabilities transferred on the conversion of Severn Beach Primary School and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Tangible fixed assets				
- Leasehold land and buildings	-	-	1,877,630	1,877,630
- Other tangible fixed assets	-	-	-	-
Budget surplus on LA fund	-	-	5,745	5,745
Budget surplus on other school funds	-	5,747	-	5,747
LGPS pension deficit	-	(150,000)	-	(150,000)
Net assets	-	(144,253)	1,883,375	1,739,122

The above net assets include £11,492 that was transferred as cash.

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

CASTLE SCHOOL EDUCATION TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

30. CONVERSION TO AN ACADEMY TRUST (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred conversion of Marlwood School and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	15,234,727	15,234,727
- Other tangible fixed assets	-	-		-
Budget surplus on LA fund	97,744	-	46,424	144,168
Budget surplus on other school funds	1,388	73,791	-	75,179
LGPS pension deficit	-	(839,000)	-	(839,000)
Net assets	99,132	(765,209)	15,281,151	14,615,074

The above net assets include £219,347 that was transferred as cash.

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

31. POST BALANCE SHEET EVENTS

On 1 September 2015 Mangotsfield School converted to academy trust status under the Academies Act 2010 and became the responsibility of Castle School Education Trust. The operations and assets and liabilities of the schools were transferred to the Trust from South Gloucestershire Council for £nil consideration.

Also on 1 September 2015 operations commenced at Lyde Green Primary School, a new school within Castle School Education Trust.