

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 10
Governance statement	11 - 15
Statement on regularity, propriety and compliance	16
Statement of Trustees' responsibilities	17
Independent auditors' report on the financial statements	18 - 19
Independent reporting accountant's assurance report on regularity	20 - 21
Statement of financial activities incorporating income and expenditure account	22
Balance sheet	23
Statement of cash flows	24
Notes to the financial statements	25 - 44

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

Mrs S Naylor
Mr P Haines (resigned 18 November 2015, appointed 1 September 2016)
Mrs K Sladden (resigned 17 October 2016)
Mrs M Fox (resigned 1 September 2016)
Mr M Mac Closkey (resigned 1 September 2016)
Mr G Price (resigned 1 September 2016)
Mr S Carter (resigned 23 September 2016)
Mr M Richmond (appointed 1 September 2016)
Mrs K Canham (appointed 1 September 2016)

Trustees

Mrs S Naylor, Chair^{1,2,3,4,5,6}
Mrs S Watson, Head Teacher of The Castle School
Ms R Bennett, Head Teacher of Court Fields School (resigned 20 September 2016)
Mrs M Fox^{2,3,6}
Mr P Haines (resigned 18 November 2016)^{1,3,4}
Mr G Price^{1,5,6}
Dr C Ritter (resigned 1 September 2016)^{5,6}
Mr S Carter (resigned 23 September 2016)¹
Dr M Yardley (resigned 22 September 2016)^{1,2,4}
Mrs K Sladden^{2,3,6}
Mrs S Pepper, Staff Governor (resigned 23 September 2016)^{4,5}
Mr M Mac Closkey^{2,3,4}
Mr D Simpson, Staff Governor (resigned 20 July 2016)⁵
Mr S Alcock (resigned 21 September 2016)^{1,5}
Mrs L Denson (resigned 3 October 2016)²
Mrs R Ellins (resigned 20 July 2016)^{2,4}
Mr D Taylor (resigned 21 September 2016)

- 1 Premises committee
- 2 Personnel committee
- 3 Members' Strategic committee
- 4 Finance committee
- 5 Education committee - Learner progress
- 6 Education committee - Curriculum & provisions

**Company registered
number**

07657731

Company name

The Castle School. A Specialist Sports College.

**Principal and Registered
office**

Wellington Road
Taunton
Somerset
TA1 5AU

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE MULTI-ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Company secretary Mrs J Gregory

Accounting officer Mrs S Watson

School Leadership Team

The Castle School
Mrs S Watson*, Headteacher
Mrs L Clark, Deputy Headteacher
Mrs F Gormley*, Deputy Headteacher
Mr J Lamb, Assistant Headteacher
Mrs A Crudgington*, Business Manager
Court Fields School
Ms R Bennett*, Headteacher
Mr B Warrender*, Deputy Headteacher
Mr S Appleby, Assistant Headteacher
Mrs R Cummins, Assistant Headteacher
Mr P Cox*, Business Manager

* Key Management Personnel for the purpose of disclosure in the accounts

Independent auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Bankers Lloyds TSB Bank plc
31 Fore Street
Taunton
Somerset
TA1 1HN

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 secondary academies in Taunton and Wellington. Its academies have a combined pupil capacity of 2,048 and had a roll of 1,929 in the school census on 1 October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Multi-Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Multi-Academy Trust.

The Trustees of The Castle Partnership Trust are also the directors of the Charitable Company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice the Multi-Academy Trust has purchased insurance to protect Trustees 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 on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1st July 2011, the Trustees appointed all those Governors that served the predecessor school, The Castle School, to be Trustees of the newly formed Academy. On 1st January 2014, on conversion to a Multi-Academy Trust, additional Trustees from Court Fields School were appointed. These Trustees were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Multi-Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- Up to 7 Trustees who are appointed by members.
- A minimum of 2 and up to 6 Parent Trustees who are elected by parents of registered pupils at the Multi-Academy Trust.
- Up to 4 staff Trustees appointed by the Board of Trustees.
- Up to 5 Community Trustees who are appointed by the Board of Trustees.
- The Executive Headteacher who is treated for all purposes as being an ex officio Trustee.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academies and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

There is a Trustees' away day organised each year which includes training sessions to keep all Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Trustees meets at least once each term. The Board establishes an overall framework for the governance of the Multi-Academy Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are committees as follows;

- Finance Committee - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels.
- Education Committees - these meet at least once a term to monitor, evaluate and review the two academies' policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Admissions Committee - meets most weeks to deal with all matters relating to admissions.
- Premises Committee – meets once a term to monitor premises and health and safety issues and prioritise capital works.
- Personnel Committee – meets once a term for personnel issues and to consider staffing requirements of the Trust.
- Pay Committee – meets annually to determine staff pay.
- Members' Strategic Committee - meets at least twice per term.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Multi-Academy Trust and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteachers and Clerk to the Trustees, to approve the Annual Development Plan and budgets.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academies to the Headteachers and Senior Leadership Team (SLTs) of the respective schools. The SLTs comprises the Headteachers, Deputy Headteacher(s), Assistant Headteacher(s) and the Business Manager in each Academy. The SLTs implement the policies laid down by the Trustees and report back to them on performance.

The Executive Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The members of the senior leadership team, as identified on Page 1, comprise the key management personnel of each academy in charge of directing and controlling, running and operating the Trust on a day to day basis.

All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is based on recommended national pay scales and are reviewed annually. Pay scales have been increased in accordance with national pay increases (1%) and the pay point reflects performance during the year as specified in the Trust's Pay Policy, which includes review by the Pay Committee of the Trustee Board.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Connected Organisations, including Related Party Relationships

There is a shared use agreement between 1610 and The Castle School regarding use of the sports hall, athletics track and ATP, hard court area, large changing rooms and the drama and dance studios.

The Court Fields Community Pre School operates on the site of Court Fields School and is subject to the terms of an underlease.

Both academies have strong collaborative links with their feeder primary schools.

There are no related parties which either control or significantly influence the decisions and operations of the Multi Academy Trust. There are no sponsors or formal Parent Teacher Associations associated with either Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objects and activities of the Multi-Academy Trust are:

- to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools, offering a broad and balanced curriculum for pupils of different abilities;
- to promote for the benefit of the inhabitants of Taunton, Wellington and the surrounding areas the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Throughout The Castle Partnership Trust we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full potential and to develop positive social and moral values. Our Trust is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

Key priorities for the year are contained in each Academy's Development Plan which is available from the respective school offices. Key aims for this year include:

- Every child achieves at least 3 levels progress.
- Most achieve 4 levels progress.
- No child NEET (Not in Education, Employment or Training).

Public Benefit

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

The Multi-Academy Trust aims to advance for the public benefit, education in Taunton, Wellington and the surrounding area. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and developing schools, offering a broad curriculum.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

STRATEGIC REPORT

Achievements and Performance

The Castle School was inspected by OFSTED in 2009 and was judged to be Outstanding. Court Fields School was inspected in November 2013 and was judged to be Requiring Improvement. The subsequent monitoring inspection recognised significant improvements made since then and the school continues to work towards a judgement of Good. An OFSTED inspection is due in 2017.

The Castle School remains significantly oversubscribed. There were 526 applications for the 240 places available in year 7 for September 2016. The assessed capacity for Court Fields School is 860 and there were 729 students on roll at the commencement of the 2016/17 academic year. Applications for places in year 7 exceeded Court Field's PAN.

During the year, The Castle School replaced the main electrical board and the main gas supply pipe to the school, the tennis courts were coated with a non-slip surface and the school commenced a building project, which was largely funded through capital grant, to replace the boilers and heating system at a cost of over £500k. Court Fields School commenced a very similar heating system project in July 2016 to the value of almost £650k. There has also been extensive internal remodelling which included the creation of a new staffroom and conference room. In addition, solar panels were fitted to the roof of the sports hall complex and another block of student toilets was substantially refurbished.

At The Castle School, examination results for 2016 were:

- 80% of students achieved 5 or more GCSEs grade A* to C including English and Maths
- 88% of students achieved 5 or more GCSEs grade A* to C.

At Court Fields School, examination results for 2016 were:

- 65% of students achieved 5 or more GCSEs grade A* to C including English and Maths
- 74% of students achieved 5 or more GCSEs grade A* to C.

To ensure that standards are continually assessed, the Trust operates a programme of lesson observations, which are undertaken by the Department Heads and the School Leadership Teams.

During the year, fundraising activities raised £5,600 for charity at The Castle School and £5,895 at Court Fields School.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. For the year under review, £457,264 was carried forward representing 5.3% of General Annual Grant (GAG).

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Multi-Academy 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 Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2016, the Academy received total income of £10,646,562 and incurred total expenditure of £10,087,491. The excess of income over expenditure for the year was £599,071, although this is after recognising £1,039,594 of capital grant income and £516,181 of depreciation cost.

As at 31 August 2016, the Trust held restricted funds of £15,124,904 and unrestricted funds of £874,667, a total of £15,999,571.

At 31 August 2016 the net book value of fixed assets was £20,350,046 and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 25 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other financial policies include the investment policy, capitalisation and depreciation policy and the reserves policy.

Trustees have appointed Education Financial Services to undertake a programme of internal checks on financial controls. During the year, the Trustees received a number of reports from the Responsible Officer which contained no matters of significance.

Reserves Policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the academies, the uncertainty over future income streams and other key risks identified during the risk review.

The Castle Partnership Trust's policy is to spend its General Annual Grant (GAG) funding first, before spending its unrestricted funds in order to minimize the risk of accumulating restricted funds which may be subject to clawback, despite the 12% restriction having been relaxed at the present time.

The policy of the Trust is also to carry forward a prudent level of resources designed to meet the long term cyclical needs of renewal and any other unforeseen contingencies. The Trustees have determined that an ideal base level of such reserves should equate to approximately one month's payroll expenditure, being some £640,000 across the two academies. In setting this level of reserves, the Trustees have taken account of the forecast pupil numbers over the forthcoming years as a result of demographic influences. They are also aware of the considerable cost pressures with increased pension and National Insurance contributions and the national minimum wage, all at a time without additional funding and further delays in the implementation of a National Funding formula.

The level of reserves at the year end (excluding fixed assets and pension funds) totalled £1,332k. The Trustees have reviewed the future plans of the Multi Academy Trust and have set designated reserves as follows:

- £350,000 towards the refurbishment of the ATP and athletics track at The Castle School.
- £27,000 contribution towards the CIF funded boiler and heating project at The Castle School
- £6,135 for costs of the site masterplanning exercise at The Castle School.
- £28,000 to pay for the costs of implementing cashless catering at both schools
- £16,000 contribution towards the CIF funded boiler and heating project at Court Fields School.
- £5,800 for the 3 yearly fixed electrical installation inspection at Court Fields School
- £9,000 for costs of the site masterplanning exercise at Court Fields School

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

The above designation amount to £442k, leaving £890k as the balance that is managed in accordance with the Trust's reserve policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Multi Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Multi Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Multi Academy Trust.

Investment Policy

Cash flow and account balances are regularly monitored to ensure that immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments. In practice, a working balance of between £100,000 and £750,000 is usually maintained in the current account. No overdraft facility is allowed.

Funds surplus to immediate cash requirements are identified and transferred to Fixed Term Deposit/High Interest Accounts to optimise interest. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these are invested in "A rated" investment accounts/institutions.

Interest rates are reviewed regularly and compared with other investment opportunities.

Funds are only invested in low risk and easily accessible deposit accounts based on medium to long term forecast and financial planning. Funds can be invested for up to one year. For investments of 12 months or longer or alternative investments proposals would need prior approval from the Finance (Business) Committee.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Multi Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust has established a Risk Register which has been discussed with Trustees and includes the financial risks. The register is reviewed in light of any new information and formally reviewed annually.

The principal risks and uncertainties facing the Trust are as follows:

Financial the Trust has considerable reliance on continued Government funding through the Education Funding Agency (EFA). The school's incoming resources are Government funded and whilst this level is expected to be largely protected, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, particularly given the current austerity measures.

Failures in governance and/or management the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational the continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing the success of the Trust is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds The school has appointed Education Financial Services (EFS) to carry out checks on financial systems and records. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area and clear segregation of duties are in place to minimise risks.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trust has continued to strengthen its risk management process. A risk register is maintained and reviewed and updated on a regular basis.

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

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance (Business) Committee meetings. The Trustees also ensure sufficient funds are held to cover all known and anticipated commitments.

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

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 25 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

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.

PLANS FOR FUTURE PERIODS

The Trust will continue to strive to provide outstanding education and improve the levels of performance of its students. The Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Trust will continue to work with partner schools to improve the educational opportunities for students in the wider community.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Multi-Academy Trust and its Trustees do not act as the Custodian Trustees of any other Charity.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

- Staff Consultation and Disability for Employees

With regard to staff consultation, the Trustees aim to ensure that staff of the Trust are consulted at all times on fundamental issues impacting upon their employment and conditions of service. Staff are encouraged to be part of a trade union and trade union representatives have regular meetings with the Headteachers of their respective schools but are encouraged to discuss anything of concern with a member of the SLT.

- Disability

The Trustees are committed to the elimination of discrimination in employment including disability discrimination. This applies to all stages of employment including recruitment and selection, development and training, pay, career progression, redundancy and retirement. This commitment is demonstrated in the Trust's staffing and equalities policies.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 8 December 2016 and signed on the board's behalf by:

**Mrs S Naylor
Chair of Governors**

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, 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 The Castle Partnership Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr S Alcock	3	4
Ms R Bennett	4	4
Mr S Carter	4	4
Mrs L Denson	3	4
Mrs R Ellins	4	4
Mrs M Fox	4	4
Mr P Haines	0	1
Mr M Mac Closkey	4	4
Mrs S Naylor	3	4
Mrs S Pepper	3	4
Mr G Price	4	4
Dr C Ritter	4	4
Mr D Simpson	2	4
Mrs K Sladden	2	4
Mr D Taylor	2	4
Mrs S Watson	4	4
Dr M Yardley	3	4

Governance Review

A skills audit of all Governors took place during the summer of 2013 when the Multi Academy Trust was newly formed. This identified relevant competencies, experiences and skills of each Governor.

In addition, on 1st October 2015, Members carried out a self-evaluation of the MAT, using "The 9 Characteristics of Successful Multi Academy Trusts". This seeks to establish a working definition that categorises the development of each characteristic against four possible stages of maturity – Beginning, Developing, Embedding and Leading. Members assessed that, as a MAT, we are currently in the Beginning/Developing stage of eight of the characteristics and at the Embedding stage for one (quality assurance systems to improve consistency and performance). They identified actions for each characteristic in order to secure the next phase. The next self-evaluation of Trust governance is scheduled for the Spring term 2017.

The Finance Committee is a sub-committee of the Board of Trustees. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, comply with reporting and regulatory requirements, receive reports from the Responsible Officer and draft the annual budget including setting staffing levels.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Naylor	3	3
Mrs S Pepper	2	3
Dr M Yardley	3	3
Mr M Mac Closkey	3	3
Mr S Carter	3	3
Mrs R Bennett	3	3

The Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to maintain oversight of the Trust's governance, risk management, internal control and value for money framework. This Committee's remit was integrated with that of the Finance Committee during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Mac Closkey	1	1
Dr M Yardley	1	1
Mr S Carter	1	1

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the Multi-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 Multi-Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Multi-Academy Trust has delivered improved value for money during the year by:

Educational results: In spite of reducing levels of funding The Castle school's results were one of the best in Somerset with 81% of students achieving five or more A* - C GCSEs including English and Maths. Results at Court Fields school improved by 19% with 65% of students achieving five or more A*-C GCSEs including English and Maths.

Targeted improvement: The Trust has kept its staffing structure under constant review and deployed staff efficiently to target curriculum areas in need of development.

Focus on individual pupils: The Trust has managed the differing needs of pupils, such as those requiring one to one support and those identified as gifted & talented. Where appropriate, funding has been targeted to support individual needs. An earlier TA review identified the most effective practice with greatest impact on outcomes and work continues to focus on these areas.

Collaboration: The Trust has close links with its feeder primary schools and Haygrove and Ansford secondary schools. Within the multi-academy trust, we procure goods and services collectively where possible and share staff and resources across the two academies where it makes sense to do so. We are continuing to develop strategies to secure best value for money. Savings have been realised in legal fees, accountancy and audit fees, software licences, advertising for staff vacancies, governor support and staff training.

New initiatives: The Trust has introduced several initiatives which have reduced cost.

With a third secondary school in the area, both The Castle School and Court Fields Schools have taken the Catering Service in-house in order to bring about savings for the school and for students and to directly influence quality, choice and service.

During 2015, solar panels were installed at Court Fields School on its sports hall roof. This will reduce the school's energy costs.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Financial governance and oversight: The Trust benefits from the provision of the Responsible Officer (RO) function through Education Financial Services. The RO reviews key financial policies, systems and procedures, including the use of tenders and presents reports on compliance to the Audit Committee. The Trust's system of financial governance includes strong oversight by the trustees and the accounting officer. The full Governing Body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy Trust remains a 'going concern'. The Governing Body also receives and approves the Annual Accounts and the External Auditors' Management Report. The financial position is reviewed on a monthly basis by senior staff and on a termly basis by governors. In accordance with the Trust's financial policy, large items of expenditure are brought to the attention of governors to ensure the appropriate protocol has been followed and effectiveness of spending proposals in order to achieve value for money.

Better purchasing: For everyday small scale expenditure such as stationary and consumables we ensure we have access to a range of reputable suppliers and the Finance team will carry out regular price comparisons for items up to £5,000 in value. If the lowest quote is not accepted, the reasons are reported to the Finance Committee. In order to get more for its money, the Trust constantly reviews its contracts, service agreements and commonly used suppliers. Contracts are renegotiated to get the best mix of quality and effectiveness for the least cost.

Benchmarking: The Trust benchmarks its costs against similar organisations to identify areas for making savings. We frequently use the Somerset Association of School Business Managers and the Financial Directors' Forum to compare costs and obtain recommendations on suppliers. We have also begun benchmarking as part of the SWAG (South West Academies Group).

Options appraisal: Different options are explored before making purchases, including an assessment of the costs and benefits of the alternatives over the longer term. Tendering is used when appropriate to get the best deal and three quotes are always sought for larger purchases. For example, at The Castle School, a tendering process is currently underway for refurbishment works to the Artificial pitch and the Athletics Track.

Economies of scale: The Trust takes every opportunity to work collaboratively to reduce and share administration and procurement costs. In particular, across the schools in the Trust, with our feeder primary schools and with other schools and academies in Somerset. For example, our new in-house catering service servicing three secondary and four primary schools has enabled us to negotiate good deals with suppliers.

Better income generation: The Trust maximises income generation wherever possible. For example, lettings income at The Castle School has increased over recent years through a number of longer term agreements. A new regular Sunday morning let commenced during 2016. Court Fields School also operates a thriving school lettings regime which generates income sufficient to offset against its annual spending plans. Investment opportunities for the Trust are regularly reviewed and deposits have been made in accounts which have higher interest rates. Extra income has been achieved as a result of this. In addition, funding bids are made wherever appropriate in order to obtain external funding. The Castle School has been successful in obtaining capital grant funding (CIF) four years out of five. Court Fields was also successful in securing a grant to resurface the flat roofs in its first year as an academy. Both schools were successful in bids to replace boiler and heating systems in 2016/17 – this work is currently underway.

Reviewing controls and managing risks: The Trust has organised its internal controls to maximise its use of assets. Budget holders and governors receive regular budget reports in order that they can make wise decisions on purchasing and prioritise accordingly. Monthly budget monitoring reports are produced and reviewed by the Business Manager in each school and any necessary remedial action taken to address any significant variances that may have an impact on the budget out-turn. Departments are recharged for photocopying and stationery costs, for example, which ensures that they make value for money decisions and prevent waste. Bank balances and investments are reviewed regularly to manage risks whilst still gaining interest. Appropriate insurances are obtained to manage risks.

Lessons learned: The Trust is constantly striving to learn from its strategies and decisions in order to make the budget go further.

GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Multi-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 The Castle Partnership Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Educational Financial Services to carry out the Responsible Officer ('RO') role.

The RO's role includes giving advice on financial matters and performing a range of checks on the Multi-Academy Trust's financial systems. On a termly basis, the RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The RO function has been fully delivered in line with the Education Funding Agency's (EFA's) recommendations. No material control issues arising as a result of the RO's work have been identified.

REVIEW OF EFFECTIVENESS

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

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

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

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

Approved by order of the members of the Board of Trustees on 8 December 2016 and signed on their behalf, by:

**Mrs S Naylor
Chair of Trustees**

**Mrs S Watson, Head Teacher
Accounting Officer**

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

**Mrs S Watson
Accounting Officer**

Date: 8 December 2016

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as governors of The Castle Partnership and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

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

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

Mrs S Naylor
Chair of Governors

Date: 8 December 2016

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
CASTLE PARTNERSHIP TRUST**

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

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
CASTLE PARTNERSHIP TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

15 December 2016

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE CASTLE PARTNERSHIP TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 25 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Castle Partnership Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE CASTLE PARTNERSHIP TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Castle Partnership Trust's funding agreement with the Secretary of State for Education dated 20 December 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by 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 Multi-Academy Trust's income and expenditure.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE CASTLE
PARTNERSHIP TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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

Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

15 December 2016

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	12,517	33,845	1,039,594	1,085,956	601,535
Charitable activities	5	83,668	9,409,346	-	9,493,014	9,229,968
Other trading activities	3	60,035	-	-	60,035	56,054
Investments	4	7,557	-	-	7,557	5,828
TOTAL INCOME		163,777	9,443,191	1,039,594	10,646,562	9,893,385
EXPENDITURE ON:						
Raising funds		5,808	-	-	5,808	5,365
Charitable activities		83,454	9,482,048	516,181	10,081,683	10,042,519
TOTAL EXPENDITURE	8	89,262	9,482,048	516,181	10,087,491	10,047,884
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	20	74,515 (150,668)	(38,857) 78,569	523,413 72,099	559,071 -	(154,499) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(76,153)	39,712	595,512	559,071	(154,499)
Actuarial gains/(losses) on defined benefit pension schemes	25	-	(2,273,000)	-	(2,273,000)	42,000
NET MOVEMENT IN FUNDS		(76,153)	(2,233,288)	595,512	(1,713,929)	(112,499)
RECONCILIATION OF FUNDS:						
Total funds brought forward		950,820	(3,634,196)	20,396,876	17,713,500	17,825,999
TOTAL FUNDS CARRIED FORWARD		874,667	(5,867,484)	20,992,388	15,999,571	17,713,500

The notes on pages 25 to 44 form part of these financial statements.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07657731**

**BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	15		20,350,046		20,417,274
CURRENT ASSETS					
Debtors	16	235,690		152,941	
Cash at bank and in hand		2,623,298		1,421,662	
		2,858,988		1,574,603	
CREDITORS: amounts falling due within one year	17	(746,316)		(521,577)	
NET CURRENT ASSETS			2,112,672		1,053,026
TOTAL ASSETS LESS CURRENT LIABILITIES			22,462,718		21,470,300
CREDITORS: amounts falling due after more than one year	18		(138,147)		(16,800)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			22,324,571		21,453,500
Defined benefit pension scheme liability	25		(6,325,000)		(3,740,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			15,999,571		17,713,500
FUNDS OF THE ACADEMY TRUST					
Restricted income funds:					
General funds	20	457,516		105,804	
Fixed asset funds	20	20,992,388		20,396,876	
Restricted income funds excluding pension liability		21,449,904		20,502,680	
Pension reserve		(6,325,000)		(3,740,000)	
Total restricted income funds			15,124,904		16,762,680
Unrestricted income funds	20		874,667		950,820
TOTAL FUNDS			15,999,571		17,713,500

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2016 and are signed on their behalf, by:

**Mrs S Naylor
Chair of Trustees**

The notes on pages 25 to 44 form part of these financial statements.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	22	<u>152,906</u>	<u>653,347</u>
Cash flows from investing activities:			
Interest		7,557	5,828
Purchase of tangible fixed assets		(128,098)	(1,016,453)
Capital grants from DfE/EFA		<u>1,039,594</u>	<u>560,088</u>
Net cash provided by/(used in) investing activities		<u>919,053</u>	<u>(450,537)</u>
Cash flows from financing activities:			
Repayments of borrowings		(3,600)	(3,600)
Cash inflows from new borrowing		<u>133,277</u>	<u>-</u>
Net cash provided by/(used in) financing activities		<u>129,677</u>	<u>(3,600)</u>
Change in cash and cash equivalents in the year		<u>1,201,636</u>	<u>199,210</u>
Cash and cash equivalents brought forward		<u>1,421,662</u>	<u>1,222,452</u>
Cash and cash equivalents carried forward	23	<u><u>2,623,298</u></u>	<u><u>1,421,662</u></u>

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The Castle Partnership Trust constitutes a public benefit entity as defined by FRS 102.

1.2 FUND ACCOUNTING

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

1.3 INCOME

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Multi-Academy Trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

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

Long term leasehold property	-	2% straight line
Motor vehicles	-	20% straight line
Office equipment	-	10% straight line
Computer equipment	-	33% straight line

1.6 OPERATING LEASES

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

1.7 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Multi-Academy Trust; this is normally upon notification of the interest paid or payable by the Bank.

1. ACCOUNTING POLICIES (continued)

1.8 TAXATION

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

1.9 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.11 LIABILITIES AND PROVISIONS

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

1.12 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.13 PENSIONS

Retirement benefits to employees of the Multi-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 Multi-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 Multi-Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1. ACCOUNTING POLICIES (continued)

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

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

1.14 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The Academy Trust] obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	12,517	33,845	-	46,362	41,447
Capital Grants	-	-	1,039,594	1,039,594	560,088
	<u>12,517</u>	<u>33,845</u>	<u>1,039,594</u>	<u>1,085,956</u>	<u>601,535</u>
Total donations and capital grants	<u>12,517</u>	<u>33,845</u>	<u>1,039,594</u>	<u>1,085,956</u>	<u>601,535</u>

In 2015, of the total income from donations and capital grants, £9,256 was to unrestricted funds, £32,191 was to restricted funds and £560,088 was to restricted fixed asset funds.

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	47,058	-	47,058	39,143
Other	12,977	-	12,977	16,911
	<u>60,035</u>	<u>-</u>	<u>60,035</u>	<u>56,054</u>
	<u>60,035</u>	<u>-</u>	<u>60,035</u>	<u>56,054</u>

In 2015, of the total income from other trading activities, £56,054 was to unrestricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	7,557	-	7,557	5,828
	<u>7,557</u>	<u>-</u>	<u>7,557</u>	<u>5,828</u>
	<u>7,557</u>	<u>-</u>	<u>7,557</u>	<u>5,828</u>

In 2015, of the total investment income, £5,828 was to unrestricted funds.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	8,572,901	8,572,901	8,545,178
Start up Grants	-	42,000	42,000	42,000
Other DfE/EFA grants	-	552,002	552,002	386,913
	<u>-</u>	<u>9,166,903</u>	<u>9,166,903</u>	<u>8,974,091</u>
Other government grants				
High Needs	-	123,843	123,843	103,498
	<u>-</u>	<u>123,843</u>	<u>123,843</u>	<u>103,498</u>
Other funding				
Other	83,668	118,600	202,268	152,379
	<u>83,668</u>	<u>118,600</u>	<u>202,268</u>	<u>152,379</u>
	<u><u>83,668</u></u>	<u><u>9,409,346</u></u>	<u><u>9,493,014</u></u>	<u><u>9,229,968</u></u>

In 2015, of the total income from charitable activities, £89,153 was to unrestricted funds and £9,140,815 was to restricted funds.

6. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	71,000	67,000
Educational supplies	192,367	193,757
Exam fees	146,092	139,518
Staff development and other activities	116,367	115,103
Supply teachers	85,797	49,901
Wages and salaries	4,591,424	4,591,283
National insurance	404,749	353,552
Pension cost	913,563	688,847
Depreciation	465,203	476,645
	<u>6,986,562</u>	<u>6,675,606</u>

THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

7. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	75,000	72,000
Recruitment and support	59,016	50,174
Maintenance of premises and equipment	519,597	642,943
Rent and rates	79,671	78,750
Energy costs	124,778	149,297
Insurance	54,284	63,424
Security and transport	75,892	62,970
Catering	46,772	56,726
Office overheads	164,243	147,492
Legal and professional	99,573	86,714
Bank interest and charges	1,233	869
Governance	29,160	38,715
Wages and salaries	1,398,609	1,422,122
National insurance	78,366	67,030
Pension cost	237,949	375,454
Depreciation	50,978	52,233
	<u><u>3,095,121</u></u>	<u><u>3,366,913</u></u>

8. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	-	-	5,808	5,808	5,365
Education:					
Direct costs	5,995,533	465,203	525,826	6,986,562	6,675,606
Support costs	1,714,924	775,024	605,173	3,095,121	3,366,913
	<u><u>7,710,457</u></u>	<u><u>1,240,227</u></u>	<u><u>1,136,807</u></u>	<u><u>10,087,491</u></u>	<u><u>10,047,884</u></u>

In 2016, of the total expenditure, £89,262 (2015: £211,770) was to unrestricted funds, £9,329,479 (2015: £9,307,236) was to restricted funds and £516,181 (2015: £528,878) was to restricted fixed asset funds.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

9. NET INCOME/ (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	516,181	528,878
Auditors' remuneration - audit	9,950	19,450
Auditors' remuneration - other services	4,400	2,995
Operating lease rentals	46,685	50,240
	=====	=====

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	5,990,033	5,987,591
Social security costs	483,115	420,582
Operating costs of defined benefit pension schemes	1,151,512	1,064,301
	7,624,660	7,472,474
Supply teacher costs	85,797	49,901
Staff restructuring costs	-	25,814
	7,710,457	7,548,189

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

	2016	2015
	No.	No.
Teachers	112	108
Administration and support	116	124
Management	10	11
	238	243

Average headcount expressed as a full time equivalent:

	2016	2015
	No.	No.
Teachers	104	99
Administration and support	89	97
Management	10	11
	203	207

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

	2016	2015
	No.	No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	1	0
In the band £90,001 - £100,000	1	1

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £462,902 (2015: £437,798).

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

11. CENTRAL SERVICES

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

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year ended 31 August 2016, expenses totalling £393 (2015: £NIL) were reimbursed to 2 Trustees (2015: NIL).

Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments from the academy in respect of their role as governors. The value of governors' remuneration was as follows: S Watson £95,000 - £100,000 (2015: £90,000 - £95,000); R Bennett £70,000 - £75,000 (2015: £65,000 - £40,000); S Pepper £15,000 - £20,000 (2015: £15,000 - £20,000), D Simpson £45,000 - £50,000 (2015: 45,000 - £50,000). Contributions to pension schemes for these employees were: S Watson £15,000 - £20,000 (2015: £10,000 - £15,000); R Bennett £10,000 - £15,000 (2015: £5,000 - £10,000); S Pepper £5,000 - £10,000 (2015: £0 - £5,000); D Simpson £5,000 - £10,000 (2015: £5,000 - £10,000).

13. TRUSTEES' AND OFFICERS' INSURANCE

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

14. OTHER FINANCE INCOME

	2016 £	2015 £
Interest income on pension scheme assets	111,000	97,000
Interest on pension scheme liabilities	(257,000)	(236,000)
	<u>(146,000)</u>	<u>(139,000)</u>

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
COST					
At 1 September 2015	21,032,310	22,725	458,664	462,304	21,976,003
Additions	365,012	-	36,187	47,754	448,953
At 31 August 2016	<u>21,397,322</u>	<u>22,725</u>	<u>494,851</u>	<u>510,058</u>	<u>22,424,956</u>
DEPRECIATION					
At 1 September 2015	1,045,160	13,635	127,578	372,356	1,558,729
Charge for the year	378,605	4,545	51,542	81,489	516,181
At 31 August 2016	<u>1,423,765</u>	<u>18,180</u>	<u>179,120</u>	<u>453,845</u>	<u>2,074,910</u>
NET BOOK VALUE					
At 31 August 2016	<u>19,973,557</u>	<u>4,545</u>	<u>315,731</u>	<u>56,213</u>	<u>20,350,046</u>
At 31 August 2015	<u>19,987,150</u>	<u>9,090</u>	<u>331,086</u>	<u>89,948</u>	<u>20,417,274</u>

16. DEBTORS

	2016 £	2015 £
Trade debtors	11,545	13,549
Other debtors	86,770	56,096
Prepayments and accrued income	137,375	83,296
	<u>235,690</u>	<u>152,941</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Other loans	3,600	3,600
EFA loans	8,330	-
Other taxation and social security	143,464	125,023
Other creditors	197,018	240,823
Accruals and deferred income	393,904	152,131
	<u>746,316</u>	<u>521,577</u>

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	25,617	68,848
Resources deferred during the year	22,902	25,617
Amounts released from previous years	(25,617)	(68,848)
	<u>22,902</u>	<u>25,617</u>
Deferred income at 31 August 2016	<u>22,902</u>	<u>25,617</u>

At the balance sheet date the academy was holding funds received in advance for trips due to take place in the 2016/17 academic year and in relation to rates relief.

**18. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016 £	2015 £
Other loans	13,200	14,400
EFA loans	124,947	2,400
	<u>138,147</u>	<u>16,800</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2016 £	2015 £
Repayable by instalments	<u>58,309</u>	<u>2,400</u>

The other loan is a Local Authority loan inherited on conversion. Repayment terms are £3,600 annually. There is no interest associated with this loan and no items secured on this loan.

The EFA loans are Condition Improvement Fund (CIF) loans of £133,277 repayable in six monthly instalments over 8 years with an applicable annual interest rate of 0%.

19. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets measured at amortised cost	<u>2,738,786</u>	<u>1,474,347</u>
Financial liabilities measured at amortised cost	<u>(709,706)</u>	<u>(387,737)</u>

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DESIGNATED FUNDS						
Future projects	280,000	-	-	160,000	-	440,000
GENERAL FUNDS						
General funds	670,820	163,777	(89,262)	(310,668)	-	434,667
Total Unrestricted funds	950,820	163,777	(89,262)	(150,668)	-	874,667
RESTRICTED FUNDS						
General Annual Grant (GAG)	78,501	8,573,017	(8,308,239)	89,900	-	433,179
High needs funding	-	123,843	(123,843)	-	-	-
Pupil premium	27,303	347,746	(350,712)	-	-	24,337
Start up grant	-	42,000	(30,669)	(11,331)	-	-
Other Restricted Income	-	152,329	(152,329)	-	-	-
Other EFA income	-	204,256	(204,256)	-	-	-
Pension reserve	(3,740,000)	-	(312,000)	-	(2,273,000)	(6,325,000)
	(3,634,196)	9,443,191	(9,482,048)	78,569	(2,273,000)	(5,867,484)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	16,896,297	-	(321,653)	3,600	-	16,578,244
Fixed assets purchased from GAG.	1,403,652	-	(149,196)	57,168	-	1,311,624
DfE/EFA Capital grants	2,060,899	1,039,594	(44,370)	-	-	3,056,123
Fixed assets purchased from Start Up Grant	36,028	-	(962)	11,331	-	46,397
	20,396,876	1,039,594	(516,181)	72,099	-	20,992,388
Total restricted funds	16,762,680	10,482,785	(9,998,229)	150,668	(2,273,000)	15,124,904
Total of funds	17,713,500	10,646,562	(10,087,491)	-	(2,273,000)	15,999,571

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

Designated Funds

The designated fund represents money designated by the Trustees for the following projects; replacement
Page 37

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. STATEMENT OF FUNDS (continued)

of the ATP and re laying of the athletics track at The Castle School, contributions towards the boiler and heating project at each school, implementing cashless catering at both schools and the masterplanning exercise at both sites.

Restricted Funds

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

Other restricted income - Other restricted monies received income received for specific projects / needs.

Other EFA income - Funds received from EFA other than GAG income, includes insurance income and pre opening grant.

Start up - Funds received from the EFA to help with conversion to an Academy for Court Fields.

Pension Reserve – This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

Fixed Asset Funds

Fixed Assets Transferred on Conversion – This represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy and a loan transferred due to an overspend on capital work in the predecessor school.

Fixed Assets purchased from GAG and Unrestricted funds - This represents funds transferred from the restricted GAG fund to purchase fixed assets.

DfE/EFA Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Fixed Assets purchased from Start Up Grant - This represents funds transferred from the restricted Start Up Grant fund to purchase fixed assets.

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

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
The Castle School	1,155,189	768,347
Court Fields School	176,994	288,277
	<u>1,332,183</u>	<u>1,056,624</u>
Total before fixed asset fund and pension reserve	1,332,183	1,056,624
Restricted fixed asset fund	20,992,388	20,396,876
Pension reserve	(6,325,000)	(3,740,000)
	<u>15,999,571</u>	<u>17,713,500</u>
Total	15,999,571	17,713,500

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2016 £	Total 2015 £
The Castle School	3,563,924	959,078	103,692	827,148	5,453,842	5,561,821
Court Fields School	2,179,812	755,846	88,106	775,704	3,799,468	3,911,185
	<u>5,743,736</u>	<u>1,714,924</u>	<u>191,798</u>	<u>1,602,852</u>	<u>9,253,310</u>	<u>9,473,006</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	20,350,046	20,350,046	20,417,276
Current assets	1,288,201	457,516	1,113,271	2,858,988	1,574,601
Creditors due within one year	(413,534)	-	(332,782)	(746,316)	(521,577)
Creditors due in more than one year	-	-	(138,147)	(138,147)	(16,800)
Pension scheme liability	-	(6,325,000)	-	(6,325,000)	(3,740,000)
	<u>874,667</u>	<u>(5,867,484)</u>	<u>20,992,388</u>	<u>15,999,571</u>	<u>17,713,500</u>

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

**22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	559,071	(154,499)
Adjustment for:		
Depreciation charges	516,181	528,878
Interest	(7,557)	(5,828)
(Increase)/decrease in debtors	(82,749)	885,475
Decrease in creditors	(104,446)	(345,591)
Capital grants from DfE and other capital income	(1,039,594)	(560,088)
Defined benefit pension scheme cost less contributions payable	164,000	166,000
Defined benefit pension scheme finance cost	148,000	139,000
Net cash provided by operating activities	152,906	653,347

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	2,623,298	1,421,662
Total	2,623,298	1,421,662

24. CAPITAL COMMITMENTS

At 31 August 2016 the Multi-Academy Trust had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	835,416	-

The commitment relates to boiler and heating works at Castle School and Court Fields school. This will be funded by Condition Improvement Fund (CIF) income, a Condition Improvement Fund (CIF) loan and contributions from the Academy Trust reserves.

25. PENSION COMMITMENTS

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

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

Contributions amounting to £124,745 were payable to the schemes at 31 August 2016 (2015: £114,667) and are included within creditors.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

25. PENSION COMMITMENTS (continued)

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%.

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

The employer's pension costs paid to TPS in the period amounted to £686,209 (2015: £587,872).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £394,000 (2015: £320,000), of which employer's contributions totalled £291,000 (2015: £235,000) and employees' contributions totalled £103,000 (2015: £87,000). The agreed contribution rates for future years are 15.1% for employers and 5.5 - 7.5% for employees.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

25. PENSION COMMITMENTS (continued)

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

Principal actuarial assumptions:

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

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

	2016	2015
Retiring today		
Males	23.8	23.7
Females	26.2	26.1
Retiring in 20 years		
Males	26.1	26.0
Females	28.5	28.4

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	2,388,000	1,888,000
Debt instruments	390,000	279,000
Property	351,000	271,000
Cash	97,000	47,000
Gilts	230,000	179,000
Total market value of assets	<u>3,456,000</u>	<u>2,664,000</u>

The actual return on scheme assets was £471,000 (2015: £73,000).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(455,000)	(465,000)
Net interest cost	(146,000)	(139,000)
Past service cost	(2,000)	-
Total	<u>(603,000)</u>	<u>(604,000)</u>

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

25. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening defined benefit obligation	6,404,000	5,735,000
Current service cost	455,000	465,000
Interest cost	257,000	236,000
Contributions by employees	103,000	106,000
Actuarial losses/(gains)	2,631,000	(66,000)
Past service costs	2,000	-
Exchange differences on foreign schemes	(71,000)	(72,000)
	<u>9,781,000</u>	<u>6,404,000</u>
Closing defined benefit obligation	<u>9,781,000</u>	<u>6,404,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	2,660,000	2,258,000
Interest income	113,000	95,000
Actuarial gains and (losses)	358,000	(24,000)
Contributions by employer	291,000	299,000
Contributions by employees	103,000	106,000
Benefits paid	(71,000)	(72,000)
Administration expenses	(2,000)	(2,000)
	<u>3,452,000</u>	<u>2,660,000</u>
Closing fair value of scheme assets	<u>3,452,000</u>	<u>2,660,000</u>

26. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	30,699	45,138
Between 1 and 5 years	26,180	46,134
	<u>56,879</u>	<u>91,272</u>
Total	<u>56,879</u>	<u>91,272</u>

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

**THE CASTLE PARTNERSHIP TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

28. MEMBERS' LIABILITY

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

29. GENERAL INFORMATION

The Castle Partnership Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is The Castle School, Wellington Road, Taunton, Somerset, TA1 5AU.

30. FIRST TIME ADOPTION OF FRS 102

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		17,825,999	17,713,500
Total funds reported under FRS 102		<u>17,825,999</u>	<u>17,713,500</u>
Reconciliation of net income/(expenditure)	Notes		31 August 2015 £
Net (expenditure) previously reported under UK GAAP			(108,499)
Change in recognition of LGPS interest cost			(46,000)
Net movement in funds reported under FRS 102			<u>(154,499)</u>

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

Change in recognition of LGPS interest cost	Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in income/expense. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £46,000 and increase the debit/credit in other recognised gains and losses in the SoFA by an equivalent amount.
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