
CASTLE ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

CASTLE ACADEMY
(A company limited by guarantee)

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CASTLE ACADEMY
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Trustees	N Hoyland, Chair of Governors ^{1,2,3,4} F Hately, Vice Chair of Governors ^{1,3,4} N Mead ^{2,3,4} S Blackburn (resigned 8 October 2014) ^{1,2} L Clemitshaw L Tankard ^{1,2} M Zitmen (resigned 1 February 2014) ¹ A Johnson ² D Whitehead ² S White ² S Martin, Head Teacher ^{1,2,3} L White, Staff Trustee J Ward, Staff Trustee ^{2,3} M Jones, Staff Trustee ¹ S Abbotts (appointed 19 March 2014) C Wosman (appointed 19 March 2014) ¹ Member of the Finance and Facilities Committee ² Member of the Teaching and Learning Committee ³ Member of the Human Resource Committee ⁴ Member of the Headteacher's Performance Management Review and Pay Committee
Company registered number	8143349
Registered office	Station Road Conisbrough Doncaster DN12 3DB
Accounting Officer	Simon Martin
Senior management team	S Martin, Head teacher J Ward, Deputy Head teacher C Harrop, KS1 Manager C Blagden, SEN Co-ordinator M Jones, Business Manager
Independent auditors	Harris & Co Limited Chartered Accountants Registered Auditors Marland House 13 Huddersfield Road Barnsley South Yorkshire S70 2LW
Bankers	Lloyds TSB Doncaster DN1

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Administrative details (continued)

Solicitors	Walker Morris Kings Court 12 King Street Leeds LS1 2HL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Castle Academy (the Academy) for the period ended 31 August 2014. The governors confirm that the annual report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Academy Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The Academy Trust was incorporated on 13th July 2012 as a company limited by guarantee. The Academy Trust's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

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

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

Members' Liability

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

Governors' Indemnities

The Academy Trust maintains Governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Governors. The Academy Trust has also granted indemnities to each of its Governors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Governors or other officers may incur to third parties in the course of acting as Governors or officers of the Academy Trust.

Details of the insurance cover are provided in note 17 to the financial statements.

Principal Activities

The Academy Trust took over the operation of Station Road Primary School on the school's conversion to academy status on 13th July 2012. The Academy commenced trading as Castle Academy from 1st September 2012. Since then the Academy Trust's principal object and activity has been to manage the school's provision of education to pupils between the ages of 4 and 11.

Method of Recruitment and Appointment or Election of Governors.

Under the terms of its Articles, the Academy Trust shall have the following Governors.

- Up to eight Governors appointed by the Members;
- Any staff Governors, appointed through such process as the Members may determine, provided the total number does not exceed one third of the total number of Governors;
- A minimum of four Parent Governors elected by parents of registered pupils at Castle Academy;
- Up to three Co-opted Governors may be appointed by the Governors who have not themselves been co-opted; and
- The Head teacher;

A Governor's term of office is four years (excluding the Headteacher) but a Governor is eligible for re-election or re-appointment at the end of their term.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Appropriate training is provided to all new Governors, as required.

The Governors who were in office at 1st September 2013, or who served through part of the year, are listed on page 1.

Policies and Procedures Adopted for the Induction and Training of Governors

Following their appointment all new Governors receive an introduction to their role from the Chair and the Headteacher, an induction pack and are allocated a mentor from the Governing Body. All new Governors are actively encouraged to take advantage of the Governor Forum sessions held at various venues and run by the Local Authority's Governor Support Service. In addition Governors have access to the National Governor Association ("NGA") via the NGA website.

Organisation Structure

The organisational structure consists of three levels: the Full Board of Governors, Governors' sub committees and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in the decision making at all levels.

The Governors are responsible for the strategic management of the Academy Trust, making decisions about key aspects including strategic direction, annual budgets and targets, capital expenditure, senior staff appointments and policy changes. The full Governing Body retains overall responsibility.

The sub committees comprise the Chair or Vice Chair, Headteacher and at least three other governors. These committees make decisions relating to staffing appointments and budget spending. All decisions are referred back to the full board for ratification. The full board monitors budget spending.

The Senior Leadership Team comprises the Headteacher, Deputy Headteacher, KS1 Manager, SEN Co-ordinator and Business Manager. These managers control the Academy Trust at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets.

Risk Management

The Governors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds and premises) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls.

Connected Organisations, Including Related Parties

There is a Parent Contribution Fund which organises various fundraising events to provide additional resources for the pupils. The Academy also works in Partnership with Upperwood Academy, each school acting independently but supporting each other by the sharing of best practices.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Objectives and Activities

Objects and Aims

The principal object of the Academy Trust is the operation of Castle Academy to provide education for pupils between the ages of 4 and 11.

Objectives, Strategies and Activities

Key objectives for the academy were:

- To achieve a 'Good' grading at Ofsted
- To raise attainment and progress in mathematics and thereby improve the number of pupils who achieve L4+ in both English and mathematics
- To secure a consistent number on roll
- To enrich the support provided to the pupils
- To fulfil all legal and procedural requirements of academy status and to purchase appropriate expertise to ensure the academy is safe, efficient and effective

The main objectives of the Academy Trust during the period ended 31st August 2014 are summarised below:

To continue to address the issues raised by the Ofsted Inspection by:

- Improving progress in all subjects especially:
 - o Key Stage 2
 - o Mathematics
 - o Grammar, punctuation and spelling
- Continue to raise standards in Mathematics to ensure that they are at the national average in Key Stage 2
- To implement the 2014 National Curriculum
- To raise standards and improve transition by establishing an F1 unit attached to the school

Public Benefit

Castle Academy is a state funded primary school which provides and strives to promote and support the advancement of education to primary school aged children within the wider Conisbrough area.

In setting our objectives and planning our activities the Governors have given careful consideration to the wider community. Over the year the contributions that benefitted the local community included the following:

- Participating in a memorial service at the local cenotaph;
- Maintaining links with the Dearne Valley Eco-vision;
- Training of volunteers to improve employment prospects;
- Taking part in sports competitions with local schools, based at the local leisure centre, to encourage healthy lifestyles, improve community cohesion by working with other schools and to promote the use of the local leisure centre;
- Providing work experience for students from local secondary schools.

Equal Opportunities

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution of needs of all people are fully valued.

Disabled Persons

The Academy publishes its equality policies and access plans in compliance with the Disability Act 2010. Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all areas of the Academy Trust building. The policy of the Academy Trust is to support recruitment and retention of pupils and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Achievements and Performance

Raiseonline indicates that attainment at KS1 and FS2 is good and above the national average. KS2 results in 2013 and 2014 were below national (especially in mathematics). Following the Ofsted inspection in April 2014 and the subsequent grading of Requires Improvement, a rigorous improvement plan was put in place. Monitoring visits from both the Department for Education and Her Majesty's Inspector of schools indicate that progress is being made but this remains the primary focus for improvement. There is an increase in in-year progress across the school as a result of the improvement work that has happened during the past eighteen months with in-year progress across Key Stage 2 being at a good level. However, until this manifests itself in reportable data, the academy will not be able to regain its 'good' status.

Going Concern

After due consideration, the Governing Body has a reasonable expectation that the 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 Statement of Accounting Policies.

Key Financial Performance Indicators

The Governors consider that the following are key performance indicators for the Academy Trust;

- Deliver a surplus at year end;
- Distribute expenditure evenly throughout the year;
- Actual expenditure to closely correlate with budgeted expenditure;
- Minimise expenditure through smarter procurement and Best Value;
- Generate additional income; and
- Reduce energy usage and costs.

The Governors have been pleased that expectations for all key performance indicators listed have been successfully met during the period.

Financial Review

Most of the Academy Trust's recurrent income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31st August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31st August 2014, total expenditure of £916,634 was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year was £103,079. £162,031 of the current and brought forward surplus were used to purchase fixed assets, including the new Foundation Stage Unit, which were capitalised on the balance sheet.

Income on the General Annual Grant (GAG) fund was £795,307, the balance carried forward at 31st August 2014 is £18,167.

The Academy Trust's share of the Local Government Pension Scheme ("LGPS") deficit is £163,000 which is being funded through a lump sum payment each year for 25 years.

At 31st August 2014 the net book value of fixed assets was £1,470,640 and movements in tangible fixed assets are shown in note 19 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

Financial and Risk Management Objectives and Policies

The Academy Trust uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Academy Trust's operations.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Liquidity risk – the trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing. Surplus cash is invested so as to maximise interest income.

Interest rate risk – the trust earns interest on cash deposits and with interest rates currently low, the Governors will take appropriate action to ensure they maximise the income from these deposits.

Credit risk is managed through regular contact with funders. Liquidity and cash flow risks are managed through the appropriate and carefully managed use of financial instruments with our principal bankers.

Principal Risks and Uncertainties

The main risks that the Academy Trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and avoidance plans:

Strategic and Reputational – This covers unfavourable Ofsted reports, risk of uncontrollable events and insufficient demand for Academy services. Competition from other schools with similar objects and little scope for differentiation can have an effect. Also includes the capacity of existing buildings to deliver teaching and learning to pupils.

Finance Risk – The risk of the Academy Trust not operating within its budget and running a deficit. Risks linked to income not increasing at the same rate as salary inflation over the coming years or reductions in pupils on roll. There are risks also in connection with the deficit on the Local Government Pension Scheme ("LGPS") although the Governors are comfortable with the current level of employer contributions the Academy Trust is required to pay, given the 25 year period over which the deficit is being made up.

Reserves Policy

The Governors review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Governors have determined that the permitted level of free reserves for recurrent costs should be maintained in order to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Financial Position

The Academy Trust held fund balances at 31st August 2014 of £1,393,043 after allowing for outstanding commitments.

These funds included restricted fixed asset funds of £1,475,436, other restricted funds of £38,270 and unrestricted funds of £42,337.

Additionally there is a pension fund reserve with a deficit of £163,000, which is being funded over a 25 year period. This does not mean that an immediate liability crystallises. The deficit results in a cash flow effect in the form of possible future increases in pension contribution, which, if required, will be met from the budgeted annual income.

Plans for Future Periods

The Governors' main plans for future periods are:

- To raise attainment in mathematics, reading and spelling and grammar
- To improve progress to in line with the national average in reading and mathematics
- Prepare for, resource and implement a curriculum in response to the changes to the 2014 National Curriculum
- Provide a twenty first century ICT curriculum which utilises the latest wireless technologies
- To continue to enhance inclusion provision through well targeted and tracked spending of both the Pupil Premium and Sports Premium
- To resource the new classroom to enhance Early Years Foundation Stage provision

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Disclosure of Information to Auditors

In so far as the Governors are aware:

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

Auditors

On 5th April 2014 Harrisaccounts LLP, the then auditors of the company, transferred its business, trade, assets and clients to Harris & Co Limited. Harrisaccounts LLP resigned as auditors and Harris & Co Limited were appointed new auditors of the company and are deemed to be re-appointed under section 487 (2) of the Companies Act 2006. On the resignation of Harrisaccounts LLP there were no circumstances connected with them ceasing to hold office that should be brought to the attention of the company's members or creditors. The audit process will be reviewed in detail and re-appointment of the auditors will be considered at the end of this period.

This report was approved by order of the board of trustees on 3 December 2014 and signed on its behalf by:



N Hoyland
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Castle Academy 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 Simon Martin, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Castle Academy 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 Trustees' responsibilities statement. The board of trustees has formally met 6 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
N Hoyland, Chair of Governors	6	6
F Hatley, Vice Chair of Governors	6	6
N Mead	5	6
S Blackburn	5	6
L Clemitshaw	3	6
L Tankard	3	6
M Zitmen	0	2
A Johnson	4	6
D Whitehead	3	6
S White	1	6
S Martin, Head Teacher	6	6
L White, Staff Trustee	5	6
J Ward, Staff Trustee	6	6
M Jones, Staff Trustee	6	6
S Abbotts	2	2
C Wosman	2	2

The committee structure, terms of reference and their composition were reviewed in October 2013. The Finance & Facilities Committee is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound financial management.

The Finance & Facilities Committee has formally met 6 times during the period under review.

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GOVERNANCE STATEMENT (continued)

Attendance at finance and facilities committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
N Hoyland (Chair of Finance & Facilities Committee)	6	6
S Martin (Head teacher & Accounting Officer)	6	6
F Hatley	6	6
M Zitman	0	2
S Blackburn	5	6
L Tankard	2	6
M Jones	6	6

No recommendations relating to governance were made in the April 2014 Ofsted report and no external review of governance was required. The governors will continue to monitor the effectiveness of the governance procedures.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Castle Academy for the year 1 September 2013 to 31 August 2014 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 academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 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 academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Facilities 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 have approved an appropriate independent programme of risk review and checking of financial controls which during the year comprised:

- 5 visits by Linda Thorp of Financial & Management Consultants to advise on financial matters and perform a range of checks on the Academy's financial systems.

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GOVERNANCE STATEMENT (continued)

- 4 visits by Fiona Hately and Sarah Blackburn, Governors on the Finance and Facilities Committee, to inspect the Academy bank statements and a number of financial transactions.

REVIEW OF EFFECTIVENESS

As Accounting Officer, Simon Martin 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 external auditors;
- the independent programme of risk review and checking of financial controls;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Facilities 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 3 December 2014 and signed on its behalf, by:



N Hoyland
Chair of Trustees



S Martin
Accounting Officer

F Hately
Finance & Facilities Committee



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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Castle Academy I have considered my responsibility to notify the academy 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the academy board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2013).

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.



S Martin
Accounting Officer

Date: 03 December 2014

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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees (who act as governors of Castle Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the 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;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 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 on 3 December 2014 and signed on its behalf by:



N Hoyland
Chair of Trustees

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF CASTLE ACADEMY

We have audited the financial statements of Castle Academy for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the academy'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 academy 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 Trustees' responsibilities statement, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy'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 academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF CASTLE ACADEMY

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:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the Academy Trust has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

In addition we have nothing to report in respect of the disclosures of trustee's remuneration required by law.

Paul Hinchliffe

Paul Hinchliffe BA FCA (Senior Statutory Auditor)
for and on behalf of
Harris & Co Limited

Chartered Accountants
Registered Auditors

Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW
3 December 2014

CASTLE ACADEMY
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CASTLE
ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 9 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Castle Academy during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF CASTLE ACADEMY'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Castle Academy's funding agreement with the Secretary of State for Education dated 1 September 2012, and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 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 academy's income and expenditure. The work undertaken to draw our conclusions includes:

- consideration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluation of the general control environment of the Academy Trust;
- assessment and testing of a sample of the specific control activities over regularity of a particular activity;
- consideration of whether the activity is permissible within the Academy Trust's framework of authorities.

CASTLE ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CASTLE
ACADEMY 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 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Harris & Co

Harris & Co Limited
Chartered Accountants
Registered Auditors
Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

3 December 2014

CASTLE ACADEMY
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	-	-	-	-	429
Activities for generating funds	3	3,625	-	-	3,625	4,330
Investment income	5	131	-	-	131	160
Incoming resources from charitable activities	6	49,576	865,102	101,279	1,015,957	932,069
Other incoming resources	7	-	-	-	-	1,147,616
TOTAL INCOMING RESOURCES		53,332	865,102	101,279	1,019,713	2,084,604
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs	4	1,515	-	-	1,515	1,278
Charitable activities	11	22,150	801,018	58,970	882,138	827,697
Governance costs	8	-	32,981	-	32,981	43,665
TOTAL RESOURCES EXPENDED	12	23,665	833,999	58,970	916,634	872,640
NET INCOMING RESOURCES BEFORE TRANSFERS		29,667	31,103	42,309	103,079	1,211,964

CASTLE ACADEMY
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	22	(123,594)	(38,437)	162,031	-	-
NET INCOME FOR THE YEAR		(93,927)	(7,334)	204,340	103,079	1,211,964
Actuarial gains and losses on defined benefit pension schemes		-	62,000	-	62,000	16,000
NET MOVEMENT IN FUNDS FOR THE YEAR		(93,927)	54,666	204,340	165,079	1,227,964
<i>Total funds at 1 September 2013</i>		<i>136,264</i>	<i>(179,396)</i>	<i>1,271,096</i>	<i>1,227,964</i>	<i>-</i>
TOTAL FUNDS AT 31 AUGUST 2014		42,337	(124,730)	1,475,436	1,393,043	1,227,964

All activities relate to continuing operations.

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

The notes on pages 22 to 44 form part of these financial statements.

CASTLE ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 8143349

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	19		1,470,640		1,271,396
CURRENT ASSETS					
Debtors	20	110,476		42,785	
Cash at bank and in hand		35,620		151,942	
		<u>146,096</u>		<u>194,727</u>	
CREDITORS: amounts falling due within one year	21	(60,693)		(18,159)	
NET CURRENT ASSETS			85,403		176,568
TOTAL ASSETS LESS CURRENT LIABILITIES			1,556,043		1,447,964
Defined benefit pension scheme liability	28		(163,000)		(220,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>1,393,043</u>		<u>1,227,964</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	22	38,270		40,604	
Restricted fixed asset funds	22	1,475,436		1,271,096	
Restricted funds excluding pension liability		<u>1,513,706</u>		<u>1,311,700</u>	
Pension reserve	22	(163,000)		(220,000)	
Total restricted funds			1,350,706		1,091,700
Unrestricted funds	22		42,337		136,264
TOTAL FUNDS			<u>1,393,043</u>		<u>1,227,964</u>

The financial statements were approved by the Trustees, and authorised for issue, on 3 December 2014 and are signed on their behalf, by:



N Hoyland
Chair of Trustees

The notes on pages 22 to 44 form part of these financial statements.

CASTLE ACADEMY
(A company limited by guarantee)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	24	40,482	40,211
Returns on investments and servicing of finance	25	131	160
Capital expenditure and financial investment	25	(156,935)	(50,854)
Cash transferred on conversion to an academy trust		-	123,094
(DECREASE)/INCREASE IN CASH IN THE YEAR		(116,322)	112,611

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(116,322)	112,611
MOVEMENT IN NET FUNDS IN THE YEAR	(116,322)	112,611
Net funds at 1 September 2013	151,942	39,331
NET FUNDS AT 31 AUGUST 2014	35,620	151,942

The notes on pages 22 to 44 form part of these financial statements.

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy 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 and include grants from Education Funding Agency.

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

CASTLE ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

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

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.

1.4 Resources expended

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

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

Charitable activities are costs incurred in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Land	-	Not depreciated
Long Term Leasehold Property	-	Straight line over 50 years
Fixtures and fittings	-	Straight line over 4 years
Computer equipment	-	Straight line over 3 years

1.7 Operating leases

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

1.8 Taxation

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

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 quinquennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	-	-	-	429

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Hire of facilities	150	-	150	300
Fundraising	3,475	-	3,475	4,030
	<u>3,625</u>	<u>-</u>	<u>3,625</u>	<u>4,330</u>

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

4. TRADING ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Fundraising trading expenses				
Fundraising expenses	1,515	-	1,515	1,278
Net expenditure from trading activities	(1,515)	-	(1,515)	(1,278)

5. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	131	-	131	160

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Educational operations	49,576	966,381	1,015,957	932,069

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	795,307	795,307	802,424
DfE capital grants	-	101,279	101,279	6,351
Other DfE grants	-	9,177	9,177	-
Conversion grant	-	-	-	25,000
Pupil premium	-	54,697	54,697	35,035
	-	960,460	960,460	868,810
Other government grants				
SEN	-	905	905	5,543
Other local authority income	-	5,016	5,016	-
	-	5,921	5,921	5,543
Other funding				
Catering	35,332	-	35,332	32,826
Educational visits	8,010	-	8,010	9,006
Breakfast club	5,487	-	5,487	4,372
Recharges to other schools	747	-	747	-
Other insurance claims	-	-	-	10,602
Income derived from teachers	-	-	-	910
	49,576	-	49,576	57,716
	49,576	966,381	1,015,957	932,069

7. OTHER INCOMING RESOURCES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Assets transferred on conversion to an academy	-	-	-	1,376,616
Pension deficit transferred on conversion	-	-	-	(229,000)
	-	-	-	1,147,616

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

8. GOVERNANCE COSTS

	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Internal audit costs	800	800	200
Auditors' remuneration	5,450	5,450	5,450
Auditors' non audit costs	-	-	1,250
Legal & professional fees	4,104	4,104	13,469
Wages and salaries	18,146	18,146	18,782
National Insurance	1,724	1,724	1,865
Pension costs	2,757	2,757	2,649
	32,981	32,981	43,665

9. DIRECT COSTS

	Educational operations £	Total 2014 £	<i>Total 2013 £</i>
Pension cost	6,000	6,000	7,000
Educational supplies	47,632	47,632	36,274
Other employee expenses	8,872	8,872	9,737
Educational consultancy	3,075	3,075	1,778
Other expenses	40	40	40
Educational visits	12,035	12,035	12,403
Breakfast club	1,485	1,485	3,357
Profit/loss on disposal of fixed assets	2,508	2,508	-
Wages and salaries	363,950	363,950	356,888
National insurance	23,571	23,571	23,914
Pension cost	57,914	57,914	57,008
Depreciation	49,868	49,868	36,093
	576,950	576,950	544,492

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

10. SUPPORT COSTS

	Educational operations £	Total 2014 £	Total 2013 £
Other expenses	12,592	12,592	15,360
Other employee expenses	408	408	2,930
Maintenance of premises	20,992	20,992	25,509
Cleaning	11,785	11,785	11,588
Rent and rates	3,731	3,731	3,766
Insurance	15,953	15,953	10,564
Computer costs	34,676	34,676	21,522
Catering	55,801	55,801	50,600
Legal & professional fees	6,920	6,920	9,846
Bank charges and fees	80	80	153
Profit/loss on disposal of fixed assets	418	418	-
Wages and salaries	107,296	107,296	101,397
National insurance	6,625	6,625	7,373
Pension cost	21,735	21,735	19,359
Depreciation	6,176	6,176	3,238
	<u>305,188</u>	<u>305,188</u>	<u>283,205</u>

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

11. CHARITABLE ACTIVITIES

	Total funds 2014 £	<i>Total funds 2013 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	363,950	356,888
National insurance	23,571	23,914
Pension cost	57,914	57,008
Depreciation	49,868	36,093
Pension income	6,000	7,000
Educational supplies	47,632	36,274
Staff development	8,872	9,737
Educational consultancy	3,075	1,778
Other expenses	40	40
Educational visits	12,035	12,403
Breakfast club	1,485	3,357
Profit/loss on disposal of fixed assets	2,508	-
	576,950	544,492
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	107,296	101,397
National insurance	6,625	7,373
Pension cost	21,735	19,359
Depreciation	6,176	3,238
Other expenses	12,592	15,360
Other employee expenses	408	2,930
Maintenance of premises	20,992	25,509
Cleaning	11,785	11,588
Rent and rates	3,731	3,766
Insurance	15,953	10,564
Computer costs	34,676	21,522
Catering	55,801	50,600
Legal & professional fees	6,920	9,846
Bank charges and fees	80	153
Profit/loss on disposal of fixed assets	418	-
	305,188	283,205
	882,138	827,697

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

12. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure Other costs	Total	Total
	2014	2014	2014	2013
	£	£	£	£
Fundraising expenses	-	1,515	1,515	1,278
Costs of generating funds	-	1,515	1,515	1,278
Direct costs - Educational operations	445,435	131,515	576,950	544,492
Support costs - Educational operations	135,656	169,532	305,188	283,204
Charitable activities	581,091	301,047	882,138	827,696
Governance	22,627	10,354	32,981	43,665
	603,718	312,916	916,634	872,639

13. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly	Support costs	Total	Total
	2014	2014	2014	2013
	£	£	£	£
Educational operations	576,950	305,188	882,138	827,697

14. NET INCOMING RESOURCES

This is stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets: - owned by the charity	56,044	39,331
Auditors' remuneration	5,450	5,450
Governance Internal audit costs	800	200
Operating lease rentals	4,104	3,472
Profit/loss on disposal of fixed assets	2,926	-

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

15. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	489,393	477,067
Social security costs	31,921	33,153
Other pension costs (Note 28)	82,406	79,015
	<u>603,720</u>	<u>589,235</u>
Supply teacher costs	4,606	2,607
	<u>608,326</u>	<u>591,842</u>

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Teaching	11	13
Administration and support	4	3
Management	2	2
	<u>17</u>	<u>18</u>

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2014 No.	2013 No.
In the band £60,001 - £70,000	<u>1</u>	<u>1</u>

Included in the above is one employee for whom retirement benefits are accruing under a defined benefit scheme.

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

16. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 4 Trustees (2013 - 4) in respect of defined benefit pension schemes.

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	2014 £'000	2013 £'000
S Martin	60-65	60-65
J Ward	45-50	40-45
M Jones	25-30	25-30
L White	10-15	10-15

During the year, no Trustees received any reimbursement of expenses (2013 - £NIL).

17. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy 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 £1,000,000 on any one claim and the cost for the year ended 31 August 2014 was £389 (2013 - £335). The cost of this insurance is included in the total insurance cost.

18. OTHER FINANCE INCOME

	2014 £	2013 £
Expected return on pension scheme assets	17,000	12,000
Interest on pension scheme liabilities	(23,000)	(19,000)
	<u>(6,000)</u>	<u>(7,000)</u>

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

19. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2013	1,247,194	24,134	39,399	1,310,727
Additions	207,997	33,777	16,440	258,214
Disposals	-	(387)	(3,953)	(4,340)
At 31 August 2014	1,455,191	57,524	51,886	1,564,601
Depreciation				
At 1 September 2013	20,164	6,034	13,133	39,331
Charge for the year	24,325	14,380	17,339	56,044
On disposals	-	(97)	(1,317)	(1,414)
At 31 August 2014	44,489	20,317	29,155	93,961
Net book value				
At 31 August 2014	1,410,702	37,207	22,731	1,470,640
At 31 August 2013	1,227,030	18,100	26,266	1,271,396

Included in land and buildings is freehold land of £239,000 which is not depreciated.

20. DEBTORS

	2014 £	2013 £
Trade debtors	60,143	8,519
Other debtors	28,424	15,109
Prepayments and accrued income	21,909	19,157
	110,476	42,785

CASTLE ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

21. CREDITORS:
Amounts falling due within one year

	2014 £	2013 £
Trade creditors	34,151	8,675
Accruals and deferred income	26,542	9,484
	<u>60,693</u>	<u>18,159</u>
		£
Deferred income		
Deferred income at 1 September 2013		5,382
Resources deferred during the year		(16,412)
Amounts released from previous years		(5,382)
		<u>(16,412)</u>
Deferred income at 31 August 2014		<u>(16,412)</u>

22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General funds	136,264	53,332	(23,665)	(123,594)	-	42,337
Restricted funds						
General Annual Grant (GAG)	38,783	789,924	(775,168)	(35,372)	-	18,167
Pupil premium	1,821	54,697	(39,619)	-	-	16,899
Other EFA grants	-	14,560	(14,212)	-	-	348
Other government grants	-	5,921	-	(3,065)	-	2,856
Pension reserve	(220,000)	-	(5,000)	-	62,000	(163,000)
	<u>(179,396)</u>	<u>865,102</u>	<u>(833,999)</u>	<u>(38,437)</u>	<u>62,000</u>	<u>(124,730)</u>

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22. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds - other movement in year	43,953	-	(21,409)	38,438	-	60,982
Assets transferred on conversion	1,227,143	-	(28,150)	-	-	1,198,993
Academies Capital Maintenance Fund	-	94,961	(4,458)	-	-	90,503
Devolved Formula Capital	-	6,318	(2,432)	-	-	3,886
Unrestricted funds	-	-	(2,521)	123,593	-	121,072
	<u>1,271,096</u>	<u>101,279</u>	<u>(58,970)</u>	<u>162,031</u>	<u>-</u>	<u>1,475,436</u>
Total restricted funds	<u>1,091,700</u>	<u>966,381</u>	<u>(892,969)</u>	<u>123,594</u>	<u>62,000</u>	<u>1,350,706</u>
Total of funds	<u>1,227,964</u>	<u>1,019,713</u>	<u>(916,634)</u>	<u>-</u>	<u>62,000</u>	<u>1,393,043</u>

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

The restricted fund should be used to further the charitable activities of the academy, being the education of primary aged children. The transfer between restricted funds and restricted fixed asset funds relates to fixed assets purchased from GAG. The transfer between unrestricted funds and restricted fixed asset funds relates to fixed assets purchased from unrestricted funds.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	136,264	53,332	(23,665)	(123,594)	-	42,337
Restricted funds	(179,396)	865,102	(833,999)	(38,437)	62,000	(124,730)
Restricted fixed asset funds	1,271,096	101,279	(58,970)	162,031	-	1,475,436
	<u>1,227,964</u>	<u>1,019,713</u>	<u>(916,634)</u>	<u>-</u>	<u>62,000</u>	<u>1,393,043</u>

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23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	1,470,640	1,470,640	1,271,395
Current assets	42,337	98,963	4,796	146,096	194,726
Creditors due within one year	-	(60,693)	-	(60,693)	(18,157)
Provisions for liabilities and charges	-	(163,000)	-	(163,000)	(220,000)
	<u>42,337</u>	<u>(124,730)</u>	<u>1,475,436</u>	<u>1,393,043</u>	<u>1,227,964</u>

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	103,079	1,211,964
Returns on investments and servicing of finance	(131)	(160)
Cash transferred on conversion to academy	-	(123,094)
Depreciation of tangible fixed assets	56,044	-
Donation of fixed assets on conversion to academy	-	(1,253,522)
Loss on disposal of fixed assets	2,926	-
Increase in debtors	(67,691)	(42,784)
Increase in creditors	42,534	18,158
FRS 17 adjustments	5,000	236,000
Capital grants	(101,279)	(6,351)
Net cash inflow from operations	<u>40,482</u>	<u>40,211</u>

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	<u>131</u>	<u>160</u>

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

	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(258,214)	(57,205)
Capital grants from DfE	101,279	6,351
Net cash outflow capital expenditure	<u>(156,935)</u>	<u>(50,854)</u>

26. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	151,942	(116,322)	-	35,620
Net funds	<u>151,942</u>	<u>(116,322)</u>	<u>-</u>	<u>35,620</u>

27. CAPITAL COMMITMENTS

At 31 August 2014 the academy had capital commitments as follows:

	2014 £	2013 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>131,000</u>

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28. PENSION COMMITMENTS

The academy'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 South Yorkshire Pension Authority. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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28. PENSION COMMITMENTS (continued)

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2014 was £43,093, of which employer's contributions totalled £34,581 and employees' contributions totalled £8,512. The agreed contribution rates for future years are 17.7% for employers and 5.5 to 12.5% for employees.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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28. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	7.00	223,000	7.00	163,000
Government bonds	2.90	48,000	3.40	37,000
Other bonds	3.80	24,000	4.40	18,000
Property	6.20	39,000	5.70	25,000
Cash/liquidity	0.50	7,000	0.50	5,000
Other	7.00	24,000	7.00	19,000
Total market value of assets		365,000		267,000
Present value of scheme liabilities		(528,000)		(487,000)
(Deficit)/surplus in the scheme		(163,000)		(220,000)

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(528,000)	(487,000)
Fair value of scheme assets	365,000	267,000
Net liability	(163,000)	(220,000)

The amounts recognised in the Statement of financial activities are as follows:

	2014 £	2013 £
Current service cost	(33,000)	-
Interest on obligation	(23,000)	(19,000)
Expected return on scheme assets	17,000	12,000
Total	(39,000)	(7,000)
Actual return on scheme assets	33,000	28,000

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28. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Opening defined benefit obligation	487,000	-
Current service cost	33,000	-
Interest cost	23,000	19,000
Actuarial Gains	(24,000)	-
Liabilities assumed on Academy conversion	-	429,000
Current service cost	-	31,000
Member contributions	9,000	8,000
Interest on pension liabilities	-	-
	<u>528,000</u>	<u>487,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	267,000	-
Expected return on assets	17,000	12,000
Actuarial gains and (losses)	38,000	16,000
Contributions by employer	34,000	31,000
Assets acquired on Academy conversion	-	200,000
Contributions by employees	9,000	8,000
	<u>365,000</u>	<u>267,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £78,000 (2013 - £NIL).

The academy expects to contribute £37,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	61.20 %	60.80 %
Government bonds	13.10 %	13.80 %
Other bonds	6.60 %	6.60 %
Property	10.80 %	9.50 %
Cash/liquidity	1.80 %	2.00 %
Other	6.50 %	7.30 %

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28. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.50 %
Rate of increase in salaries	3.85 %	4.15 %
Rate of increase for pensions	2.10 %	2.40 %
Inflation assumption (CPI)	2.10 %	2.40 %

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

	2014	2013
Retiring today		
Males	22.9	21.8
Females	25.5	24.7
Retiring in 20 years		
Males	25.2	23.7
Females	28.3	26.6

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(528,000)	(487,000)
Scheme assets	365,000	267,000
Deficit	(163,000)	(220,000)
Experience adjustments on scheme liabilities	24,000	-
Experience adjustments on scheme assets	38,000	16,000

29. OPERATING LEASE COMMITMENTS

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £	2013 £	Other 2014 £	2013 £
Expiry date:				
Between 2 and 5 years	-	-	3,788	3,788

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30. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has 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.

31. 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.