

**CASTLEMAN ACADEMY TRUST**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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**CASTLEMAN ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**Members**

Stephen Churchill  
Stuart Magnus  
Helen Duncan-Jordan  
Mark Tointon  
Jacqui Phillips

**Trustees**

Stephen Churchill, Chair of Trustees  
Stuart Magnus (resigned 14 July 2016)<sup>1</sup>  
Helen Duncan-Jordan  
Michael Brooke<sup>1</sup>  
Ruth Leach (resigned 14 July 2016)  
Nigel Lloyd  
Rhonda Moore, Executive Headteacher<sup>1</sup>  
Jacqui Phillips (resigned 21 September 2016)  
Mark Tointon  
Tim Watson<sup>1</sup>  
Anne Hanby (appointed 24 September 2015)

<sup>1</sup> members of the Finance and Audit Committee

**Company registered number**

09101036

**Company name**

Castleman Academy Trust

**Principal and registered office**

Broadstone First School, Tudor Road, Broadstone, Dorset, BH18 8AA

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**Advisers (continued)**

**Company secretary**

Sue Parkin

**Accounting officer**

Rhonda Moore

**Senior management team**

Rhonda Moore, Executive Headteacher  
Dawn Wilks, Head of Middle School  
Michelle Stone, Head of First School  
Sarah Hitchings, Assistant Head Middle School  
Danielle Goulding, Assistant Head First School  
Harriet Collins, Assistant Head First School  
Susan Parkin, Trust Business Manager

**Independent auditors**

Clifford Fry & Co LLP, St Mary's House, Netherhampton, Salisbury, Wiltshire, SP2 8PU

**Bankers**

Lloyds Bank plc, 4 Castle Street, Christchurch, Dorset, BH23 1DU

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

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' report of Castleman Academy Trust (the academy) for the year ended 31 August 2016. The Trustees confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP 2015) "Accounting and Reporting by Charities" issued in July 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

**1. Structure, governance and management**

**A. CONSTITUTION**

The academy is a charitable company limited by guarantee and was set up by a Trust deed on 24 June 2014.

The academy is constituted under a Trust deed dated 24 June 2014, as a Multi-Academy Trust.

The principal object of the academy is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("**the mainstream Academies**") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time education for children of compulsory school age.

**B. MEMBERS' LIABILITY**

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

**C. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

**D. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

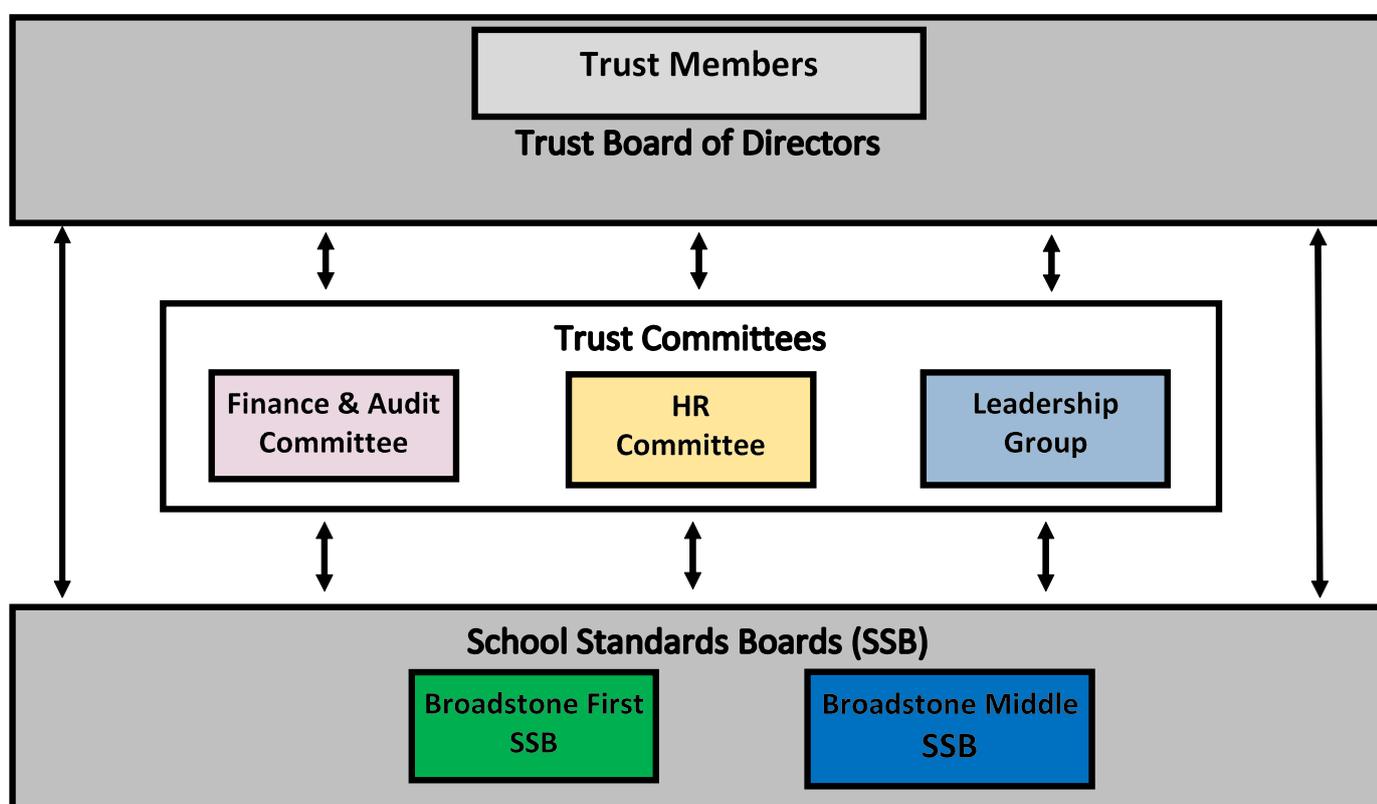
New trustees are introduced to the role by the Chair of Trustees and the Accounting Officer. Introductory training is carried out with a comprehensive induction manual by the School Standards Boards.

The Accounting Officer and Clerk to the Trust have attended MAT training given by Cambridge Education and have fed back to all directors about their learning.

E. ORGANISATIONAL STRUCTURE



## CASTLEMAN ACADEMY TRUST GOVERNANCE STRUCTURE



The academy has defined the responsibilities of each person involved in the administration of academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The financial reporting structure is illustrated below:

### The Board of Directors

The Board of Directors has overall responsibility for the administration of the academy's finances. The main responsibilities of the Board of Directors are prescribed in the Master Funding Agreement and respective Supplemental Funding Agreements between the academy and the DfE and in the academy's Scheme of Delegation. The main responsibilities include:

- Ensuring that the grant from the DfE is used only for the purposes intended.
- Approval of the annual budget for each school and the Trust.

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

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- Appointment of the Accounting Officer.
- The Board of Directors has wide discretion over its use of the Academy's funds, and is ultimately responsible for the proper stewardship of those funds and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money. It must also ensure that it uses its discretion reasonably, and takes into account any and all relevant guidance on accountability or propriety.

The Academy Finance & Audit Committee is a committee of the Board of Directors. The Committee meets at least once per term, but more frequent meetings are arranged as necessary. The main responsibilities of the Finance & Audit Committee are detailed in written terms of reference which have been authorised by the Board of Directors and they include:

- Providing guidance and direction for the annual budget process.
- Agreeing a mechanism for accounting for central academy services and setting the annual contribution from each school.
- The review and authorisation of the annual budget of each school and any subsequent revised budgets submitted each school year.
- The regular monitoring of actual expenditure and income against budget.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies.
- Authorising the award of contracts and leases over £5,000.
- Authorising changes to the central academy personnel establishment.
- Reviewing the reports of the Audit Committee on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Directors meeting.
- Monitor the application of the Pay Policy across the Trust and each of its schools.

The Executive Headteacher – Accounting Officer

The Executive Head Teacher is the appointed Academy Accounting Officer and has overall personal responsibility for:

- Probity and regularity compliance.
- Prudent and economical Academy administration.
- Keeping of proper Academy accounts.
- Ensuring value for money and avoiding waste and extravagance across the whole Academy.
- Efficient and effective use of available Academy resources.

Much of the responsibility is delegated to the Trust Schools Business Manager to manage on a day-to-day basis. Additionally, within a framework that comprises the academy vision, strategic objectives and academy school improvement plan, approved by the Board of Directors, each Head Teacher has responsibility for their individual School Innovation Plans including the setting of their school's individual budget and financial activities, which is proposed by the CEO, then recommended by the Finance and Audit Committee and adopted by the Trust Board. Budgets are approved annually and as required.

The Trust Schools Business Manager

The Trust Schools Business Manager works in close collaboration with the Accounting Officer through whom s/he is responsible to the Board of Directors. The Trust Schools Business Manager also has direct access to the Board of Directors and the Trust Finance & Audit Committee. The main responsibilities of the Trust Schools Business Manager are:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system.
- The management of the academy financial position at a strategic and operational level within the framework for financial control determined by the Board of Directors.

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

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- The maintenance of effective systems of internal control.
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy.
- The preparation of monthly management accounts.
- Ensuring forms and returns are sent to the DfE in line with the timetable in the DfE guidance.

Other Staff

Other members of staff, primarily the School Finance Officers, School Finance Assistants and budget holders at each school, will have some financial responsibilities and these are detailed in the EFA Finance Handbook and Castleman Academy Financial Regulations Manual. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

**F. RISK MANAGEMENT**

The Trustees have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

The Risk Register is reviewed by the Trust Board throughout the year and not less than once each term.

**G. TRUSTEES' INDEMNITIES**

The Companies Act 2006 requires disclosure concerning qualifying third party indemnity provisions. Subject to the provisions of the Companies Act 2006 every Trustee or other officer of the Multi Academy Trust shall be indemnified out of the assets of the Multi Academy Trust against any liability incurred by him in that capacity in relation to the affairs of the Multi Academy Trust. The Castleman Academy Trust holds insurance in this regard to the value of £10,000,000.

**H. PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

The pay scales for the Leadership Group are set out in the Whole School Pay Policy that is reviewed by the Trustees annually. Scales are based on the scale point of the school referring to number of students.

**ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

Headteachers carry out Performance Management reviews of Senior Leaders in their schools. These are shared with the Executive Headteacher and moderated to ensure equality across the Trust. At least two Governors, including the Chair of Governors, meet to review and agree the recommendations of the Headteachers of each school.

The Executive Headteacher carries out the Performance Reviews of the Headteachers of each school with the Chair of Governors for quality assurance and moderation purposes. These are then shared with the Board for ratification.

The Executive Headteacher's Performance Review is carried out by two members of the Trust Board and assisted by an external advisor.

The HR Committee meets three times a year. In the Autumn meeting they review the recommendations for teaching staff pay changes (this includes the senior management team) and the recommendations for support staff pay changes.

**2. Objectives and Activities**

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

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The Castleman Academy Trust commenced operating on 1st September 2014 to sponsor Broadstone Middle School utilising the successful team from Broadstone First School.

**A. OBJECTS AND AIMS**

Objects and Aims - taken from the Objects as described in the Articles of Association:

(a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:

i. Academies other than those designated Church of England, whether with or without a designated religious character; and

ii. Church of England Academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any reasonable directives issued by the Diocesan Board of Education, but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England; and

(b) as ancillary to (a), and with the written agreement of the Trustees in respect of Academies falling under (a)(ii), to promote for the benefit of the inhabitants of the areas served by the Academies the provision of services for 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.

**B. OBJECTIVES, STRATEGIES AND ACTIVITIES**

Castleman Academy Trust Vision statement approved by the Board of Directors:

The Castleman Academy Trust is named after Charles Castleman, a Wimborne solicitor who was chiefly responsible for the building of the railway line that operated between Southampton to Dorchester from June 1847.

Castleman was a great visionary and entrepreneur and was passionate about developing the local area. The Castleman Academy Trust is also passionate about developing the talent and potential of young people in the area, committed to ensuring all young people in its schools experience a high quality education and inspirational learning.

The Trust encourages and nurtures strong relationships between member schools and within our locality, fostering the dissemination of good practice and a self-sustaining culture of aspiration for education excellence across our schools. We aim to provide a sharp focus on accountability and continuous improvement in all our work and operate as a financially effective organisation so that resource can be focussed on ensuring the best possible learning for our students.

We revisit this annually to ensure our provision is fit for purpose and reflects the most up to date educational thinking and practice.

**1. Key Performance Indicators**

In order to deliver against our three year corporate objectives, we will focus on the following for the coming year:

1. Enhancing the governance of the Trust Board

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**TRUSTEES' REPORT (continued)**  
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Success will mean that the Board will have an established framework to ensure optimal and measurable progress towards the aims and objectives of the Trust. They will fully understand the management of risk to the Trust and have in place mitigating actions to tolerate and control such risks. They will be continually refreshed with the right skill set to drive forward the organisation.

2. Improving the School Standards Boards (SSBs) (Local Governing Bodies) to ensure better performing schools

We aim to ensure SSBs have the right balance of skills and experience along with clear plans and processes in place to effectively carry out their role. They will take greater ownership of accountability in standards, and have a greater understanding of student achievement in their schools. They will challenge and support Headteachers and hold them to account for standards achieved. The SSB will provide robust scrutiny and challenge on behalf of the Directors.

3. School improvement and effectiveness

As the most important element of our work, we want all schools in the Trust to be graded as Good or Outstanding within two years, with all teaching being good or better. We are aiming to ensure Progress and attainment in our schools will not only exceed floor targets but will be comparable with the very best for pupil progress and outcomes. We want our schools to successfully and accurately self-evaluate, promoting a culture of continued improvement and high aspiration. High quality professional development will lead to our Trust attracting and retaining the very best teachers and leaders.

4. Financial management, business effectiveness and efficiency

The Trust has developed a robust administrative, site and financial structure enable it to use resources more effectively, implement systems to support efficiencies and scales of economy so that greater resource is directed to classrooms and learning. Training and development ensures succession planning is in place for all key roles. MIS will be robust and fit for purpose. Information will be managed effectively and will support all areas of Trust work. We want the Trust presence to develop and be widely recognised as we grow by at least one school this year. Prospective schools will have confidence in the Trust and what it has to offer, leading to greater interest in joining the Trust.

All commissioned services whether from third parties or the Trust staff have added value over time to the learnings and to the business ensuring they are effective, efficient and avoid duplication and unnecessary bureaucracy.

**C. ACTIVITIES FOR ACHIEVING OBJECTIVES**

- High quality CPD programme for all staff, including leadership development.
- Curriculum provision that is contextual in approach, ensures total coverage of the National Curriculum
- Regular monitoring of school performance, including inspections, reviews, observations, audits
- Rigorous Performance Management procedures for all staff in the Trust

i. Our aim is to be a leading Multi Academy Trust in southern England - Performance Indicators:

- All Academy Schools to have an Ofsted outstanding rating.
- All Academy Schools to consistently achieve attainment standards within the top 25% nationally.

ii. We want to achieve seamless progression across all key stages - Performance Indicators:

- Implement a 'through-life' teaching and learning strategy.
- Create a rich and motivating curriculum acknowledged through student and parental 'voice' feedback; and independent verification.

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

iii. Maximise engagement with students, their families and the local community to be a part of a vibrant community by auditing the Academy's delivery of a 'safe, creative and ethical environment' with staff, parents and the local community.

iv. Build a viable and sustainable long term Education Strategy - Performance Indicators:

- Produce and publish a Castleman Academy Trust Development Plan.
- Proactively support the conversion of Partnership schools to Academy status with feedback via the Headteacher Steering Group.

v. Ensure that our Academy proactively adds value to member schools Performance Indicators:

- Academy Board to subjectively assess the quality of approved 'Added Value Projects' being successfully implemented each year; and /or assessment by School Standards Boards using questionnaires with ratings on added-value progress.
- Additional investment made available per year by becoming a Multi-Academy Trust – whether derived via economies of scale or other savings (measured as absolute quantum or % of total budget).

### 3. Strategic report

#### A. ACHIEVEMENT AND PERFORMANCE

This year we moved away from reporting achievement by referring to Levels to whether pupils have met Age Related Expectations.

Primary Schools Summary							
Broadstone Middle	Attainment				Progress		
	Reading ARE	Writing ARE	Maths ARE	SPAG ARE	Reading	Writing	Maths
	82	91	70	87	-0.95	-3.3	+1.0
<p><b>Commentary:</b> Attainment has improved and is now above both national and local levels except in maths where attainment has improved and is now firmly in line with national. Progress across the board demonstrates a significant improvement from the previous year. Whilst progress in Reading and Maths is still not where it should be the improvement is indicative of a rapidly improving school</p> <p>A number of actions have been taken to address the issue of maths. Having now experienced the new tests and more importantly, how the new measure of progress is calculated, we are in a much better position to track progress going forward.</p>							
Broadstone First	Reading ARE	Writing ARE	Maths ARE	Phonics			
	85	77	88	85			
<p><b>Commentary:</b> KS1 results remain consistently above National percentage for all subjects. Progress for reading, writing and maths was above national. The focus is now on improving the number of learners who attain the greater depth.</p>							

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

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**B. GOING CONCERN**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy 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 Accounting Policies.

We are working very hard to attract schools to the Trust to further secure its future.

**C. REVIEW OF ACTIVITIES**

- Marketing to ensure the school meets the PAN
- Reputational repair to ensure the school meets the PAN
- Restructure of Site, Office and Finance staff to increase maintenance efficiencies across academy schools and introduce a structure that will establish collaboration and also development opportunities. This has also resulted in greater consistency and realizing further efficiencies.
- Rolling programme of site maintenance in place to ensure site is managed effectively, is health and safety compliant and fit for purpose
- ICT strategic responsibility in place and developed over the year to ensure value for money and long term viability of IT resource and delivery
- All positions successfully recruited to for 2016/2017 Academic year.
- Governance Review to ensure Governors carrying out responsibilities and develop the role in order to ensure standards are the sole focus of school based Governors.
- Staff training to ensure staff understand excellent progress and how they can impact on this.
- Substantive Headteacher appointed to ensure stability and leadership in place.

**D. INVESTMENT POLICY AND PERFORMANCE**

Investments will be made only in accordance with written procedures approved by the Board of Directors. At present, all funds held by the Academy as at the 31 August 2016 were in an interest bearing account with Lloyds Banking Group.

**4. Financial Review**

**A. FINANCIAL AND RISK MANAGEMENT OBJECTIVES**

The Board of Directors approved an overall Academy budget for the period 1st September 2015 to 31st August 2016. During this period, our total General Annual Grant was £2,988,722

For this period:

- The Academy predicted a total income of £3,295,551 and we received £3,491,262.
- The Academy predicted staffing costs at £2,736,292 and we actually spent £2,771,814.
- The Academy predicted total revenue expenditure at £3,370,561 and we actually spent £3,922,178 (includes depreciation but excludes the pension actuarial loss)

In summary, the Board of Directors are pleased with the financial performance during a period where the Trust has continued to establish itself and realise changes that have resulted in improved academic standards and operating efficiency. The financial structure of the Trust has been reviewed this year, specifically financial delegation and staffing structures.

**B. PRINCIPAL RISKS AND UNCERTAINTIES**

Potential of Academy Schools to sustain favourable Ofsted inspections. The Board acknowledges that our future success is inextricably linked to the performance of each of our academy schools and the continuous improvement of our reputation and achievements. Consequently, the Board acknowledges this risk.

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

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We have worked hard this year to restructure staffing and ensure succession planning and coverage of key posts is in place to ensure business continuity.

**C. RESERVES POLICY**

We have developed a Reserves Policy to ensure the stability of the Trust's organisational operations are protected and the Trust is able to adjust quickly to financial circumstances. Reserves should be used to fund future capital expenditure or be a contingency fund. They also fund development plans and strategic long term aims and developments.

In using and keeping reserves, the Trust Board should

1. Identify the appropriate use of Reserve funds

The Trustees, with Senior Leadership, will identify the need for access to reserve funds and confirm that the use is consistent with the purpose the reserve as described in the policy. This will require analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and the evaluation of the time period that the funds will be required and replenished.

2. Authorise the use of reserves

Authorisation to use reserves of any kind will be made by the Trustees and the Finance Committee.

3. Report and Monitor the use of Reserves

The Trustees are responsible for ensuring that the funds are maintained and are used only as described in this policy.

The free reserves of the trust to be carried forward are £147,020 (2015 - £158,756). They represent the balance of the unrestricted and restricted funds excluding the pension deficit.

**D. PRINCIPAL FUNDING**

The Trusts funding is from the DfE.

**E. PLANS FOR FUTURE PERIODS**

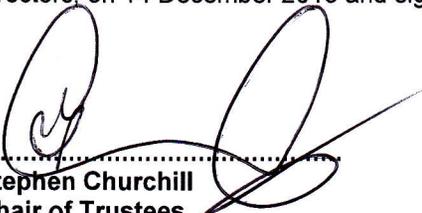
It is anticipated that other local schools will join the Trust in the near future.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 14 December 2016 and signed on the board's behalf by:

  
.....  
**Stephen Churchill**  
**Chair of Trustees**

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**CASTLEMAN ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As trustees, we acknowledge we have overall responsibility for ensuring that Castleman Academy 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 Head Teacher, 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 Castleman Academy 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 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
Stephen Churchill, Chair of Trustees	6	6
Stuart Magnus	6	6
Helen Duncan-Jordan	4	6
Michael Brooke	6	6
Ruth Leach	2	6
Nigel Lloyd	3	6
Rhonda Moore	6	6
Jacqui Phillips	1	6
Mark Tointon	5	6
Tim Watson	5	6
Anne Hanby	5	5

Following the appointment of Broadstone First School representatives to the Board of Trustees in September 2014, it became apparent that 20% of the trustees were perceived as having LA influence. Following advice from the academy consultant who over-saw the academy conversion in 2014, a further director was co-opted to the Board.

**Governance Reviews:**

The Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is outlined in the Academy's Financial Handbook.

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**GOVERNANCE STATEMENT (continued)**

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Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Rhonda Moore	3	3
Stuart Magnus	3	3
Michael Brooke	3	3
Tim Watson	3	3

### **REVIEW OF VALUE FOR MONEY**

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

The Accounting Officer considers how the academy'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 academy has delivered improved value for money during the year by:

- Following the rules and regulations set down in the Academies Financial Handbook
- Training staff to look for best value when ordering or securing support for their departments
- Seeking advice from experts regarding how to improve with regard to value for money (audit and LA representatives)
- Meet with Academy colleagues to research good practice
- Attend briefings/meetings to keep up to date with latest developments

### **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 Castleman Academy 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 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 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.

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**GOVERNANCE STATEMENT (continued)**

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**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 Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Trust believes that risk should be monitored by an independent body, namely the "Responsible Officer". The Trust has reviewed the role of the Responsible Officer and considers that it should be a paid position. The role will be filled in December 2016.

The responsible officer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the responsible officer 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.

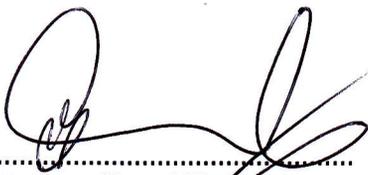
**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Executive Head Teacher 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 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 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 14 December 2016 and signed on their behalf, by:

  
.....  
**Stephen Churchill**  
Chair of Trustees

  
.....  
**Rhonda Moore**  
Accounting Officer

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**CASTLEMAN ACADEMY TRUST**  
**(A company limited by guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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



.....  
**Rhonda Moore**  
**Accounting Officer**

Date: 14 December 2016

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**CASTLEMAN ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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The Trustees (who act as governors of Castleman Academy Trust 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:

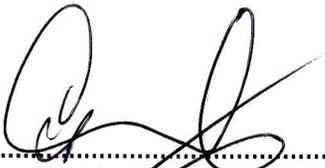
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on 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 on 14 December 2016 and signed on its behalf by:

  
.....  
**Stephen Churchill**  
**Chair of Trustees**

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**CASTLEMAN ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
CASTLEMAN ACADEMY TRUST**

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We have audited the financial statements of Castleman Academy 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 company'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 company'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 company 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 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 charitable company'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.

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**CASTLEMAN ACADEMY TRUST**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
CASTLEMAN ACADEMY TRUST**

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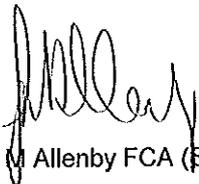
**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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.

**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.



S M Allenby FCA (Senior statutory auditor)

for and on behalf of

**Clifford Fry & Co LLP**

St Mary's House  
Netherhampton  
Salisbury  
Wiltshire  
SP2 8PU  
Date: 15/12/16

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**CASTLEMAN ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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In accordance with the terms of our engagement letter dated 8 August 2016 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 Castleman Academy 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 Castleman Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Castleman Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Castleman Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Castleman Academy Trust's funding agreement with the Secretary of State for Education dated 24 June 2014, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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CASTLEMAN ACADEMY TRUST  
(A company limited by guarantee)

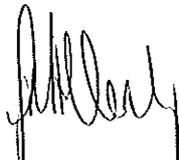
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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CASTLEMAN  
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)

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**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.



S M Allenby FCA (Reporting Accountant)

Clifford Fry & Co LLP

St Mary's House  
Netherhampton  
Salisbury  
Wiltshire  
SP2 8PU

Date: 15/12/16

**CASTLEMAN ACADEMY 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 £	As restated Total funds 2015 £
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and capital grants	2	-	29,446	18,991	48,437	16,975,465
Charitable activities	5	99,205	3,293,134	-	3,392,339	3,419,059
Other trading activities	3	50,119	-	-	50,119	35,514
Investments	4	367	-	-	367	441
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>149,691</b>	<b>3,322,580</b>	<b>18,991</b>	<b>3,491,262</b>	<b>20,430,479</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		85,744	3,548,254	288,180	3,922,178	4,070,457
<b>TOTAL EXPENDITURE</b>	6	<b>85,744</b>	<b>3,548,254</b>	<b>288,180</b>	<b>3,922,178</b>	<b>4,070,457</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	17	63,947	(225,674)	(269,189)	(430,916)	16,360,022
		-	18,991	(18,991)	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		63,947	(206,683)	(288,180)	(430,916)	16,360,022
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(870,000)	-	(870,000)	7,000
<b>NET MOVEMENT IN FUNDS</b>		<b>63,947</b>	<b>(1,076,683)</b>	<b>(288,180)</b>	<b>(1,300,916)</b>	<b>16,367,022</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		67,544	(994,788)	17,294,266	16,367,022	-
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>131,491</b>	<b>(2,071,471)</b>	<b>17,006,086</b>	<b>15,066,106</b>	<b>16,367,022</b>

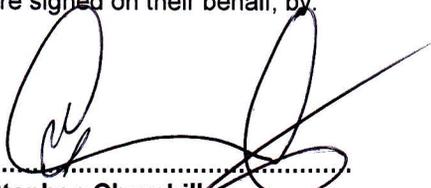
The notes on pages 24 to 44 form part of these financial statements.

**CASTLEMAN ACADEMY TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 09101036**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	As restated 2015 £
<b>FIXED ASSETS</b>					
Tangible assets	14		17,006,086		17,294,266
<b>CURRENT ASSETS</b>					
Debtors	15	110,697		220,922	
Cash at bank and in hand		295,848		242,446	
			<u>406,545</u>	<u>463,368</u>	
<b>CREDITORS:</b> amounts falling due within one year	16		<u>(259,525)</u>	<u>(304,612)</u>	
<b>NET CURRENT ASSETS</b>			<u>147,020</u>		<u>158,756</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Defined benefit pension scheme liability	22		<u>(2,087,000)</u>		<u>(1,086,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>15,066,106</u></u>		<u><u>16,367,022</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	15,529		91,212	
Restricted fixed asset funds	17	17,006,086		17,294,266	
			<u>17,021,615</u>	<u>17,385,478</u>	
Restricted income funds excluding pension liability			<u>17,021,615</u>	<u>17,385,478</u>	
Pension reserve			<u>(2,087,000)</u>	<u>(1,086,000)</u>	
Total restricted income funds			<u>14,934,615</u>		<u>16,299,478</u>
Unrestricted income funds	17		<u>131,491</u>		<u>67,544</u>
<b>TOTAL FUNDS</b>			<u><u>15,066,106</u></u>		<u><u>16,367,022</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 14 December 2016 and are signed on their behalf, by:

  
 .....  
**Stephen Churchill**  
 Chair of Trustees

The notes on pages 24 to 44 form part of these financial statements.

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**CASTLEMAN ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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	Note	2016 £	As restated 2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	19	<u>53,035</u>	<u>(167,567)</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		367	441
Cash transferred on conversion to an academy trust		-	339,572
<b>Net cash provided by investing activities</b>		<u>367</u>	<u>340,013</u>
<b>Change in cash and cash equivalents in the year</b>		<b>53,402</b>	172,446
Cash and cash equivalents brought forward		<u>242,446</u>	<u>70,000</u>
<b>Cash and cash equivalents carried forward</b>	20	<u><u>295,848</u></u>	<u><u>242,446</u></u>

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**CASTLEMAN ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**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.

Castleman Academy Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

**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 the Department for Education 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.

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**CASTLEMAN ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the academy 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.

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 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

**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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

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**CASTLEMAN ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**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. 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	-	over the term of the lease (125 years)
Motor vehicles	-	25% straight line
Fixtures and fittings	-	10% straight line

**1.7 Interest receivable**

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

**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 Debtors**

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

**1.10 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.

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**CASTLEMAN ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 Financial instruments**

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.13 Pensions**

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 quadrennial valuations using a prospective unit credit method. As stated in note 22, 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.

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.

**CASTLEMAN ACADEMY TRUST**  
(A company limited by guarantee)

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

**1. ACCOUNTING POLICIES (continued)**

**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 academy 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 22, 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.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Restricted fixed asset funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>As restated Total funds 2015 £</b>
Donations	-	<b>29,446</b>	-	<b>29,446</b>	9,321
EFA Capital grants	-	-	<b>18,991</b>	<b>18,991</b>	19,126
Transferred on conversion from local authority	-	-	-	-	16,947,018
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	<b>-</b>	<b>29,446</b>	<b>18,991</b>	<b>48,437</b>	<b>16,975,465</b>

In 2015, of the total income from donations and capital grants, £12,006 was to unrestricted funds and £16,963,459 was to restricted funds

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**3. OTHER TRADING ACTIVITIES**

	<b>Unrestricted funds 2016 £</b>	<b>Total funds 2016 £</b>	As restated Total funds 2015 £
Other income	40,225	40,225	28,153
Hire of facilities	9,894	9,894	7,361
	<u>50,119</u>	<u>50,119</u>	<u>35,514</u>

In 2015, of the total income from other trading activities, £35,514 was to unrestricted funds and £ NIL was to restricted funds.

**4. INVESTMENT INCOME**

	<b>Unrestricted funds 2016 £</b>	<b>Total funds 2016 £</b>	Total funds 2015 £
Investment income	367	367	441

In 2015, of the total investment income, £ 441 was to unrestricted funds and £ NIL was to restricted funds.

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**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	2,988,722	2,988,722	2,863,140
Other DfE/EFA Grants	-	183,539	183,539	228,116
Start up grants	-	-	-	95,000
	-	3,172,261	3,172,261	3,186,256
<b>Other government grants</b>				
Local authority grants	-	23,381	23,381	42,400
	-	23,381	23,381	42,400
<b>Other funding</b>				
School trip income	61,495	-	61,495	93,554
Music income	20,580	-	20,580	25,951
Other income	-	97,492	97,492	56,194
Kids club	17,130	-	17,130	14,704
	99,205	97,492	196,697	190,403
	99,205	3,293,134	3,392,339	3,419,059

In 2015, of the total income from charitable activities, £134,209 was to unrestricted funds and £3,284,850 was to restricted funds.

**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	As restated Total 2015 £
Educational operations:					
Direct costs	2,412,282	127,858	360,924	2,901,064	3,082,692
Support costs	359,532	444,779	216,803	1,021,114	987,765
	2,771,814	572,637	577,727	3,922,178	4,070,457

In 2016, of the total expenditure, £85,744 (2015 - £114,626) was to unrestricted funds and £3,836,434 (2015 - £3,955,831) was to restricted funds.

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**7. DIRECT COSTS**

	Educational operations £	Total 2016 £	As restated Total 2015 £
Pension finance costs	42,000	42,000	41,000
Educational supplies	77,746	77,746	85,435
Staff development	52,386	52,386	41,953
Educational consultancy	7,583	7,583	7,731
Technology costs	13,840	13,840	39,509
Other costs	167,369	167,369	250,922
Wages and salaries	1,892,606	1,892,606	2,020,634
National insurance	138,578	138,578	122,414
Pension cost	381,098	381,098	345,236
Depreciation	127,858	127,858	127,858
	<u>2,901,064</u>	<u>2,901,064</u>	<u>3,082,692</u>

In 2015, the academy incurred the following Direct costs:

£3,082,692 in respect of Educational operations

**8. SUPPORT COSTS**

	Educational operations £	Total 2016 £	As restated Total 2015 £
Technology costs	21,100	21,100	14,301
Other costs	9,017	9,017	28,386
Recruitment and support	6,584	6,584	5,394
Maintenance of premises and equipment	118,791	118,791	68,902
Cleaning	60,538	60,538	47,151
Rent and rates	28,744	28,744	28,095
Energy costs	36,742	36,742	39,375
Insurance	39,642	39,642	34,263
Security and transport	1,344	1,344	960
Catering	37,846	37,846	44,580
School trip costs	63,481	63,481	92,444
Office overheads	67,232	67,232	60,077
Auditors' remuneration	6,756	6,756	7,519
Professional fees	2,643	2,643	35,401
Office expenses	800	800	3,910
Wages and salaries	296,355	296,355	264,960
National insurance	18,767	18,767	13,217
Pension cost	44,410	44,410	38,508
Depreciation	160,322	160,322	160,322
	<u>1,021,114</u>	<u>1,021,114</u>	<u>987,765</u>

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**8. SUPPORT COSTS (continued)**

During the year ended 31 August 2016, the academy incurred the following Governance costs: £10,199 (2015 - £46,830) included within the table above in respect of Educational operations.

In 2015, the academy incurred the following Support costs: £940,935 in respect of Educational operations

**9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	<b>2016</b>	2015
	<b>£</b>	£
Depreciation of tangible fixed assets:		
- owned by the charity	<b>288,180</b>	288,180
Auditors' remuneration - audit	<b>5,000</b>	5,000
Auditors' remuneration - other services	<b>1,756</b>	2,519
	<b><u>          </u></b>	<b><u>          </u></b>

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**10. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b>	As restated
	£	2015
		£
Wages and salaries	<b>2,176,384</b>	2,203,233
Social security costs	<b>157,345</b>	135,631
Operating costs of defined benefit pension schemes	<b>425,508</b>	383,744
	<u><b>2,759,237</b></u>	<u>2,722,608</u>
Staff restructuring costs	<b>12,577</b>	82,361
	<u><b>2,771,814</b></u>	<u>2,804,969</u>

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

	<b>2016</b>	2015
	No.	No.
Teaching staff	<b>81</b>	75
Administration and Support Staff	<b>50</b>	44
Management	<b>9</b>	8
	<u><b>140</b></u>	<u>127</u>

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

	<b>2016</b>	As restated
	No.	2015
		No.
In the band £60,001 - £70,000	<b>0</b>	1
In the band £70,001 - £80,000	<b>1</b>	0
In the band £80,001 - £90,000	<b>0</b>	1

The employee above participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employers' pension contributions for these staff amounted to £11,580 (2015 - £20,632).

Included in staff restructuring costs is a redundancy payment of £12,577.

The key management personnel of the academy trust comprise of 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 £380,000 (2015: £380,000).

**11. CENTRAL SERVICES**

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

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

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**12. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 1 Trustee (2015 - 1) in respect of defined benefit pension schemes.

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

		<b>2016</b>	2015
		<b>£</b>	£
R Moore	Remuneration	<b>70,000-75,000</b>	80,000-85,000
	Pension contributions paid	<b>10,000-15,000</b>	10,000-15,000

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

During the year ended 31 August 2016, expenses totalling £651 (2015 - £1,620) were reimbursed to 1 Trustee (2015 - 4).

**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.

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**14. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 September 2015 and 31 August 2016	<b>15,982,224</b>	<b>2,000</b>	<b>1,598,222</b>	<b>17,582,446</b>
<b>Depreciation</b>				
At 1 September 2015	<b>127,858</b>	<b>500</b>	<b>159,822</b>	<b>288,180</b>
Charge for the year	<b>127,858</b>	<b>500</b>	<b>159,822</b>	<b>288,180</b>
At 31 August 2016	<b>255,716</b>	<b>1,000</b>	<b>319,644</b>	<b>576,360</b>
<b>Net book value</b>				
At 31 August 2016	<b>15,726,508</b>	<b>1,000</b>	<b>1,278,578</b>	<b>17,006,086</b>
At 31 August 2015	15,854,366	1,500	1,438,400	17,294,266

**15. DEBTORS**

	2016 £	2015 £
Trade debtors	16,306	7,838
VAT repayable	26,141	144,342
Other debtors	27,496	22,291
Prepayments and accrued income	40,754	46,451
	<b>110,697</b>	220,922

**16. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	58,734	95,247
Other taxation and social security	46,847	41,513
Other creditors	42,903	-
Accruals and deferred income	111,041	167,852
	<b>259,525</b>	304,612

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**16. CREDITORS: Amounts falling due within one year (continued)**

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	40,821	-
Resources deferred during the year	59,943	40,821
Amounts released from previous years	(40,821)	-
	59,943	40,821
Deferred income at 31 August 2016	59,943	40,821

At the balance sheet date the Trust was holding funds received in advance for Universal Infant Free School Meals and trips taking place in the 2016-17 academic year.

**17. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	67,544	149,691	(85,744)	-	-	131,491
	67,544	149,691	(85,744)	-	-	131,491
<b>Restricted funds</b>						
General Annual Grant (GAG)	91,212	2,988,722	(3,083,396)	18,991	-	15,529
Other DfE/EFA grants	-	183,539	(183,539)	-	-	-
Local authority grants	-	23,381	(23,381)	-	-	-
Other restricted funds	-	126,938	(126,938)	-	-	-
Pension reserve	(1,086,000)	-	(131,000)	-	(870,000)	(2,087,000)
	(994,788)	3,322,580	(3,548,254)	18,991	(870,000)	(2,071,471)
	(994,788)	3,322,580	(3,548,254)	18,991	(870,000)	(2,071,471)
<b>Restricted fixed asset funds</b>						
Fixed assets transferred on conversion	17,294,266	18,991	(288,180)	(18,991)	-	17,006,086
Total restricted funds	16,299,478	3,341,571	(3,836,434)	-	(870,000)	14,934,615
Total of funds	16,367,022	3,491,262	(3,922,178)	-	(870,000)	15,066,106

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

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**17. STATEMENT OF FUNDS (continued)**

**Unrestricted funds**

These funds are for the general use of the academy and may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

**Restricted funds**

The General Annual Grant (GAG) represents funding received from the Education Funding Agency (EFA) during the year in order to fund the continuing activities of the Trust.

Other DfE/EFA grants, which includes pupil premium. This represents funding received from the EFA to cater for disadvantaged pupils.

Local authority grants include high needs funding to cater for pupils with learning difficulties and other disabilities.

**Restricted fixed asset funds**

Fixed assets transferred on conversion to an Academy represent the leasehold premises, equipment and motor vehicle donated to the Trust by the Borough of Poole.

DfE/EFA Capital grants include Devolved Formula Capital grants (DFC) and unspent DFC transferred from LA on conversion.

**Fund transfers**

This transfer represented the spending of restricted fixed asset fund income on general school repair costs which were not capitalised.

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 2016.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total 2016 £</b>	Total 2015 £
Broadstone First School	17,884	(5,720)
Broadstone Middle School	129,136	164,476
Total before fixed asset fund and pension reserve	<b>147,020</b>	158,756
Restricted fixed asset fund	<b>17,006,086</b>	17,294,266
Pension reserve	<b>(2,087,000)</b>	(1,086,000)
Total	<b>15,066,106</b>	16,367,022

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**17. STATEMENT OF FUNDS (continued)**

**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 dep'n £	Total 2016 £	Total 2015 £
Broadstone First School	842,302	132,270	39,512	267,891	1,281,975	1,245,413
Broadstone Middle School	1,569,980	207,241	52,074	522,728	2,352,023	2,536,864
	<u>2,412,282</u>	<u>339,511</u>	<u>91,586</u>	<u>790,619</u>	<u>3,633,998</u>	<u>3,782,277</u>

**18. 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	-	-	17,006,086	17,006,086	17,294,266
Current assets	131,491	275,054	-	406,545	463,368
Creditors due within one year	-	(259,525)	-	(259,525)	(304,612)
Provisions for liabilities and charges	-	(2,087,000)	-	(2,087,000)	(1,086,000)
	<u>131,491</u>	<u>(2,071,471)</u>	<u>17,006,086</u>	<u>15,066,106</u>	<u>16,367,022</u>

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

	<b>2016</b>	As restated
	£	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	<b>(430,916)</b>	16,360,022
<b>Adjustment for:</b>		
Depreciation charges	<b>288,180</b>	288,180
Dividends, interest and rents from investments	<b>(367)</b>	(441)
Decrease/(increase) in debtors	<b>110,225</b>	(220,922)
(Decrease)/increase in creditors	<b>(45,087)</b>	234,612
Defined benefit pension scheme finance cost	<b>131,000</b>	118,000
Tangible fixed assets transferred on conversion to academy status	-	(17,582,446)
Cash transferred on conversion to an academy trust	-	(339,572)
Pension deficit transferred on conversion to academy status	-	975,000
<b>Net cash provided by/(used in) operating activities</b>	<b>53,035</b>	(167,567)

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2016</b>	2015
	£	£
Cash in hand	<b>295,848</b>	242,446
Total	<b>295,848</b>	242,446

**21. CONTINGENT LIABILITIES**

In 2006 Broadstone Middle School received a Football Foundation grant of £132,369 towards football pitch drainage and changing rooms at the school.

Upon conversion the grant was transferred to The Castleman Academy Trust.

The grant contained a claw back clause of 21 years, whereby if a number of conditions are not met by the school then it could be clawed back by the Football Foundation.

The trustees have reviewed their lettings policy for the football pitch and are actively marketing it within the local community. The trustees believe the school is complying with the conditions of the grant from the Football Foundation and are satisfied that they will not seek repayment of the grant at present.

**22. 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 Dorset County Council. Both are Multi-employer defined benefit pension schemes.

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**22. PENSION COMMITMENTS (continued)**

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 £42,793 were payable to the schemes at 31 August 2016 (2015 - £39,455) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**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 16.48%, 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 £212,889 (2015 - £197,915).

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](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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**22. PENSION COMMITMENTS (continued)**

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 £155,000 (2015 - £145,000), of which employer's contributions totalled £116,000 (2015 - £109,000) and employees' contributions totalled £39,000 (2015 - £36,000). The agreed contribution rates for future years are 17.4% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	<b>2016</b>	2015
Discount rate for scheme liabilities	<b>2.20 %</b>	4.00 %
Rate of increase in salaries	<b>3.80 %</b>	4.20 %
Rate of increase for pensions in payment / inflation	<b>2.30 %</b>	2.70 %
Inflation assumption (CPI)	<b>2.30 %</b>	2.70 %
Inflation assumption (RPI)	<b>3.20 %</b>	3.60 %

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

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

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**22. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	688,000	516,000
Gilts	131,000	111,000
Property	122,000	95,000
Cash & Infrastructure	43,000	48,000
Other bonds	152,000	118,000
Diversified growth fund	56,000	45,000
Total market value of assets	<u>1,192,000</u>	<u>933,000</u>

The actual return on scheme assets was £105,000 (2015 - £40,000).

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

	2016 £	As restated 2015 £
Current service cost (net of employee contributions)	(204,000)	(185,000)
Net interest cost	(42,000)	(41,000)
Administrative expenses	(1,000)	(1,000)
Total	<u>(247,000)</u>	<u>(227,000)</u>
Actual return on scheme assets	<u>105,000</u>	<u>40,000</u>

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

	2016 £	As restated 2015 £
Opening defined benefit obligation	2,019,000	-
Current service cost	204,000	185,000
Interest cost	82,000	74,000
Contributions by employees	39,000	36,000
Actuarial losses	935,000	1,000
Liabilities assumed on conversion to academy status	-	1,729,000
Benefits paid	-	(6,000)
Closing defined benefit obligation	<u>3,279,000</u>	<u>2,019,000</u>

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**CASTLEMAN ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. PENSION COMMITMENTS (continued)**

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

	2016 £	As restated 2015 £
Opening fair value of scheme assets	933,000	-
Return on plan assets (excluding net interest on the net defined pension liability)	40,000	33,000
Actuarial gains and (losses)	65,000	8,000
Contributions by employer	116,000	109,000
Contributions by employees	39,000	36,000
Assets acquired on conversion to academy status	-	754,000
Benefits paid	-	(6,000)
Administrative expenses	(1,000)	(1,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>1,192,000</b>	933,000
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**23. RELATED PARTY TRANSACTIONS**

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

**24. 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.

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**25. FIRST TIME ADOPTION OF FRS 102**

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

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

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

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		-	16,367,022
Total funds reported under FRS 102		<u>-</u>	<u>16,367,022</u>
<b>Reconciliation of net income</b>	<b>Notes</b>		31 August 2015 £
Net income previously reported under UK GAAP			16,374,022
Change in recognition of LGPS interest cost	A		(14,000)
Net movement in funds reported under FRS 102			<u>16,360,022</u>

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

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £14,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.