

Registered number: 07644380

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

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COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Academy, its Trustees and Advisers	1 - 2
Trustees' Report	3 - 8
Governance Statement	9 - 11
Statement on Regularity, Propriety and Compliance	12
Trustees' Responsibilities Statement	13
Independent Auditors' Report	14 - 15
Independent Reporting Accountant's Assurance Report on Regularity	16 - 18
Statement of Financial Activities	19
Balance Sheet	20
Cash Flow Statement	21
Notes to the Financial Statements	22 - 40

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

Members

Douglas Lewis, Chair of the board, Compass Schools Trust¹
James Barty (appointed 21 January 2014)¹
Dale Bassett (resigned 25 September 2014)¹
Leon Da Costa, Chair (appointed 21 July 2014)¹
Martin Deutz¹
Lauren Thorpe, Principal and Accounting Officer (appointed 6 January 2014)¹

Trustees

Amy Leonard (resigned 16 January 2014)¹
Greg Rosen (appointed 21 January 2014)
Theresa Cooper (appointed 14 March 2014)
Tom Lee (appointed 13 March 2014)
Ceri Evans (resigned 19 November 2013)
Stacey McCarthy (appointed 13 March 2014)
Greg Rosen (appointed 21 January 2014)
Natalie Robb (appointed 27 November 2014)
Nathaniel Wilson (appointed 27 November 2014)
Liam O'Dwyer (appointed 2 September 2013, resigned 21 July 2014)
Georgina Rushworth (resigned 30 September 2013)
David Carter (resigned 11 December 2013)
Sandra Jenner (appointed 14 October 2013, resigned 19 November 2013)

¹ Finance Committee

Company registered number

07644380

(Registered in England and Wales)

Principal and registered office

Compass School Southwark
Drummond Road
Bermondsey
London
SE16 4EE

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

Administrative details (continued)

Company secretary

Martin Deutz

Senior management team

Tony Searle (until 13 December 2013), Principal
Victoria Cockram, Assistant Principal - Academic
David Collins, Assistant Principal - Pastoral
Nicola Taylor, Business and Operations Manager
Lauren Thorpe (from 6 January 2014), Principal

Independent auditors

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Euro House
1394 High Road
London
N20 9YZ

Bankers

HSBC plc
33 Park Row
Leeds
LS1 1LD

Solicitors

Browne Jacobson
77 Gracechurch Street
London
EC3V 0AS

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the period to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in Bermondsey, London. It has a pupil capacity of 600 by 2018 and had a roll of 106 in the school census on 02 October 2014.

Structure, governance and management

CONSTITUTION

The Compass Schools Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Compass Schools Trust.

The sole school operated by the Compass Schools Trust is Compass School Southwark.

The trustees of Compass Schools Trust Limited are also the directors and form the Governing Body of the charitable company for the purposes of company law. The Charitable Company is known as the Compass Schools Trust.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Compass Schools Trust. The cost of this insurance in the year was £895.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The founder directors serve as Governors and have recruited additional Governors to augment the skills of the Governing Body. Apart from the Secretary of State as provided in the Funding Agreement, no external body has the right to appoint Governors. The school is required to appoint at least two parent governors. Such appointments are made on the basis of a secret ballot of qualifying individuals. In addition to the Principal, the School has two staff governors in post, nominated by a secret ballot of qualifying staff. A chairman and a vice chairman is appointed from among the governors at the first meeting of each year. Governors are appointed on the basis of their personal competence and specialist skills.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

Governors are provided with statutory training through the governance services department of the London Borough of Southwark, which also provides additional training and supporting materials to meet the needs of specific governor roles. Further, one Governor is participating in the Teach First Governor Impact programme which aims to disseminate best practice across the Board. All Governors are expected to keep their skills up to date through awareness of major educational policy announcements, visiting the school, and attending training courses where a skills audit identifies that further training is required.

ORGANISATIONAL STRUCTURE

Since the opening of the school, the Governing Body has established two committees, the Finance and Standards committees. The full Governing Body meets 6 times a year (twice each term) with each sub-committee meeting at least as frequently, and in advance of each full Governing Body meeting.

In the period covered by these accounts, the operational decisions and policy implementation regarding the school were made by the Principal (who is also the Accounting Officer) where the authority to do so had been delegated. All other matters were brought to the Governing Body for approval or ratification. All financial matters, including commitments and payments, were authorised and entered into as appropriate by the Directors of the Company and the Principal. The threshold for which Directors of the Company were required to provide approval and decisions are set out in the Delegation of Financial Authority limits, forming part of the Financial Handbook.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Save as disclosed in note 20 to the accounts, the Company and the School were not involved in any related party transaction and there was no disclosable Connected Organisation.

Objectives and Activities

OBJECTS AND AIMS

The Objects and Aims of the charitable company are to advance for the public benefit education in the United Kingdom, in particular by establishing and operating a school offering a broad and balanced curriculum; and to promote the provision of facilities for recreation or other activities in the interests of social welfare for individuals living in the London Borough of Southwark.

The vision of Compass School Southwark, the first school in the Compass Schools Trust, is that everyone in the Compass School Community will confidently reach the destination to which they aspire. The four values around which all Compass School Southwark's decisions are based are: aspiration, integrity, exploration and resilience.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The objectives of the Compass Schools Trust and Compass School Southwark are set through the School Development Plan ("SDP", reviewed annually by the Senior Leadership Team and Governing Body). This covers all areas of the school's operation and is mapped to the four main Ofsted areas of focus. A range of whole school performance measures are set, with progress towards these measures reviewed at each Full Governing Body meeting.

At Compass School Southwark we believe that aspiration, integrity, exploration and resilience are the key attributes of a successful young adult. In order to develop these attributes and ensure that we achieve our aims, the School's Development Plan is centred around academic excellence, enrichment, community and team.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

In term 3 of each year, the school will complete Faculty and Whole School self-evaluation plans to form the basis of the changes to the SDP in subsequent years.

PUBLIC BENEFIT

The Governors of the School have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the School's purpose for the Public Benefit consisted of those needed to achieve the educational objectives and aims of the Compass Schools Trust.

Strategic Report

Achievements and performance

GOING CONCERN

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

KEY FINANCIAL PERFORMANCE INDICATORS

The full Governing Body, along with both sub-committees, monitor the school's performance through a range of financial and non-financial indicators.

Financial indicators

In the period covered by the accounts, the Company was funded by way of a grant from the Department of Education. The principal financial objective of the Company was that its expenditure for the financial year should not exceed the grant. This objective was met, with a surplus carried forward to 2014-15.

Non-financial (operational) indicators

Non-financial indicators are expressed as whole school performance targets and are set out as part of the School Development Plan. These cover student progress and achievement, non-academic student measures including attendance and extra-curricular involvement, staff attendance, quality of teaching, student recruitment and community involvement.

FINANCIAL REVIEW

The Compass Schools Trust principal sources of funding are revenue and capital grants from the Department of Education and the Education Funding Agency, associated with the Compass School Southwark. In the period to 31 August 2014 the Academy received grants in support of its operating activities of £ 1,154,450 and in respect of capital expenditure of £ 92,385.

The surplus carried forward to 2014-15 is to be used for: exceptional expenditure specifically sanctioned by the Directors, which may include the funding of future deficits, non-routine expenditure on educational or community activities, and the acquisition of assets not funded by the Department of Education or the Education Funding Agency.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

PRINCIPAL RISKS AND UNCERTAINTIES

The school is exposed to a range of financial risks, through its daily operations as well as the building of the permanent site. The governors and Accounting Officer seek to minimise these risks, where possible. For example, the school Business and Operations Manager, Accounting Officer and members of the Governing Body Finance Committee receive monthly management accounts which contains analysis of actual and forecast income, expenditure and liquidity positions.

The school relies on the EFA to provide funding for all operating expenses (with the exception of charitable donations from fundraising) and, separately, all funding in relation to the building and fitting out of the temporary and permanent facilities. In keeping with most similar academies, the school is reliant on continued funding by the EFA which is provided under the terms of the Funding Agreement between the School and the Secretary of State for Education, in accordance with the nationally-determined formulae.

The principal risks facing the Academy are:

- Reputational risk – This is mitigated by managing other risks having the potential to harm the reputation or standing of the school, and through the maintenance of close contact with relevant stakeholders and the broader Compass School Community. In addition, the school invests in marketing and communication strategies as required.
- Operational risk associated with safeguarding and health and safety. These are mitigated by the Governing Body ensuring that all statutory policies are in place and are being implemented by the Senior Leadership Team of the school
- Performance risk associated with educational standards and outcomes. These are mitigated by the recruitment of experienced and qualified staff. Oversight activities via the Governing Body and the Standards sub-committee of the governing body, including: the drafting and implementation of a School Development Plan; monitoring of qualitative and quantitative data in the context of baseline data; and review and discussion of pupil progress and well-being.
- Financial risk – The principal financial risks are a reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs. The risks presented here are mitigated by the governing body's close monitoring of the School's current and prospective financial position and the maintenance of close contact with the Education Funding Agency. The Governors and Principal recognise their responsibilities for the prevention and detection of fraud and other financial improprieties and address these through the use of a comprehensive regime of financial controls, detailed examination of the accounts and through the use of independent internal and external auditors.
- Personnel risks including staff performance, retention and recruitment. These risks are mitigated by a robust performance management and review policy and associated procedures. Performance is monitored as part of managing the overall performance risk, through formal appraisal and on-going monitoring. Retention risk is addressed by strong oversight by the Governing Body of the Principal's leadership of the school and by the performance management process. Recruitment is planned in advance to meet the anticipated requirements of the school.

Through its Board, namely the Governing Body and the constituted subcommittees, The Compass Schools Trust practises risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

resolved by the Governing Body collectively, whilst more minor risks are dealt with by the Senior Leadership Team of the school.

RESERVES POLICY

It is the intention of the Compass Schools Trust to establish sufficient reserves for the purposes of, inter alia, general financial resilience and for the funding of building and maintenance, by the end of the 2017/18 financial year. The Trust believes it necessary to ensure that sufficient reserves are held to support the building programme and associated fit-out currently under development to deliver a fully equipped new building by September 2018.

At 31 August 2014 the total funds comprised:

Restricted:	Fixed asset funds	80,422
	GAG	25,565
	Pension reserve	(1,000)
	Other DfE / EFA	46,003
	Other	562
		<u>151,552</u>
Unrestricted:		<u>2,942</u>
		<u>154,494</u>

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 22. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Governors, and represent 0.04 month's worth of Academy expenditure. The aim of the Governors is to increase this reserve to meet future working capital requirements.

INVESTMENT POLICY

Given the scale of the School's financial resources, surplus cash, representing the surplus carried forward plus funds arising from cash-flow timing differences is held on deposit in an interest bearing account at our bank. It is the Trust's intention to diversify the School's banking arrangements in order to minimise the School's exposure credit risk.

Plans for future periods

FUTURE DEVELOPMENTS

The School's future plans comprise progressive expansion as we progress to a full intake of 11-19 year-olds, the securing of premises as required, and recruitment to meet future staffing needs.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

No funds are held on behalf of others.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

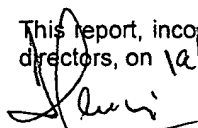
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Governor 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 Governing Body, as the company directors, on 12/12/14 and signed on the board's behalf by:



D Lewis
Chair of Trustees

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that Compass Schools 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 Governing Body has delegated the day-to-day responsibility to the Principal, 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 Compass Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

In relation to these matters, the Principal was answerable to Mr Deutz, Accounting Officer. From 6 January 2014 Ms Thorpe will be the Principal and Accounting Officer. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The Governing Body has formally met 7 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Douglas Lewis, Chair of the board, Compass Schools Trust	7	7
James Barty	4	4
Dale Bassett	7	7
Leon Da Costa, Chair	1	1
Martin Deutz	6	7
Lauren Thorpe, Principal and Accounting Officer	7	7
Amy Leonard	3	3
Greg Rosen	4	4
Theresa Cooper	1	2
Tom Lee	3	3
Ceri Evans	1	3
Stacey McCarthy	3	3
Natalie Robb	0	0
Nathaniel Wilson	0	0
Liam O'Dwyer	5	6
Georgina Rushworth	0	0
David Carter	0	3
Sandra Jenner	0	1

The Finance and Operations Committee is a sub-committee of the main board of trustees. Its purpose is to provide oversight over: the financial management of the School, including financial performance, budgeting, management of financial risks, internal controls and financial reporting; the general administration of the school, including in particular procurement; and over matters pertaining to the School's premises and the management of its facilities.

The Committee was set up during the financial year and met 3 times in the year to 31 August 2014.

Attendance at meetings in the year was as follows:

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Trustee	Meetings attended	Out of a possible
Martin Deutz	3	3
James Barty	3	3
Dale Bassett	1	3
Douglas Lewis, Chair of the board, Compass Schools Trust	2	2
Lauren Thorpe, Principal and Accounting Officer	3	3

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 Compass Schools Trust for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Governing Body 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 Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

For the reasons given earlier in this report, responsibility for the identification and control of key risks is retained by the governing body.

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

The Governing Body has considered the need for a specific internal audit function and has decided to appoint MacIntyre Hudson as internal auditor.

The internal auditor'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 internal auditor reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

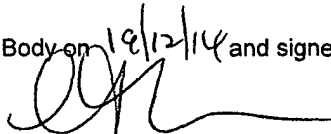
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external 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 General Purposes 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 Governing Body on 19/12/14 and signed on its behalf, by:


D Lewis
Chair of Trustees


L Thorpe
Accounting Officer

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Compass Schools Trust I have considered my responsibility to notify the academy Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Governing Body and EFA. If any instances are identified after the date of this statement, these will be notified to the Governing Body and EFA:

- Following a relocation of the school to a new site, certain papers were lost relating to contracts of employment, financial records and other confidential information.

There is therefore missing documentation relating to certain areas of the school's records, in particular employment records and documentation. It is not possible to demonstrate that the requirements of the Academies Financial Handbook 2013 have been met in relation to certain salary controls and to confirm that the tendering and procurement of services have been implemented.

It should be noted that the salaries are in line with the pay and staffing structure of the school and reflect management allowances for various responsibilities and are in line with schools of a similar size.

The services and supplies were from suppliers used previously by the local authority and there were no related party issues arising. However, there has been a failure to retain the required documentation for these salaries and certain sales.

There are now systems in place at the school to ensure this does not recur and that salary controls and the procurement requirements of the Financial Handbook are implemented.



L Thorpe
Accounting Officer

Date: 19/12/2014

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

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

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

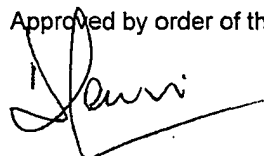
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 Governing Body and signed on its behalf by:



D Lewis
Chair of Trustees

Date: 19th December 2014

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF COMPASS SCHOOLS TRUST

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

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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.

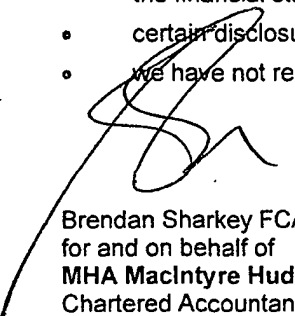
COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF COMPASS SCHOOLS TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Brendan Sharkey FCA (Senior Statutory Auditor)
for and on behalf of
MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Euro House
1394 High Road
London
N20 9YZ

Date: 19 December 2014

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO COMPASS SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 11 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Compass Schools Trust during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF COMPASS SCHOOLS TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Compass Schools Trust's funding agreement with the Secretary of State for Education dated 12 August 2013, and the Academies Financial Handbook extant from 1 September 2013 (updated October 13), for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the School, with reference to the income streams and other information available to us as auditors of the School;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams;
- evaluating the internal control procedures and reporting lines and testing as appropriate and making appropriate enquiries of the Accounting Officer.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

CONCLUSION

In the course of our work, except for the matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1:

Following a relocation of the school to a new site, certain papers were lost relating to contracts of employment, financial records and other confidential information.

There is therefore missing documentation relating to certain areas of the school's records, in particular employment records and documentation. It is not possible to demonstrate that the requirements of the Academies Financial Handbook 2013 have been met in relation to certain salary controls and to confirm that the tendering and procurement of services have been implemented.

It should be noted that the salaries are in line with the pay and staffing structure of the school and reflect management allowances for various responsibilities and are in line with schools of a similar size.

The services and supplies were from suppliers used previously by the local authority and there were no related party issues arising. However, there has been a failure to retain the required documentation for these salaries and certain sales.

There are now systems in place at the school to ensure this does not recur and that salary controls and the procurement requirements of the Financial Handbook are implemented.



Reporting Accountant

MHA MacIntyre Hudson
Chartered Accountants

Euro House
1394 High Road
London
N20 9YZ

Date: 19th December 2014

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014

		Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	15 month period Total funds 2013 £
	Note					
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	63	-	-	63	-
Activities for generating funds	3	7,056	562	-	7,618	1,872
Incoming resources from charitable activities	4	-	1,154,450	92,385	1,246,835	151,939
TOTAL INCOMING RESOURCES		7,119	1,155,012	92,385	1,254,516	153,811
RESOURCES EXPENDED						
Charitable activities -						
Educational expenditure	6	4,177	1,103,796	12,942	1,120,915	112,228
Governance costs	7	-	11,690	-	11,690	7,000
TOTAL RESOURCES EXPENDED	5	4,177	1,115,486	12,942	1,132,605	119,228
NET INCOMING RESOURCES BEFORE TRANSFERS		2,942	39,526	79,443	121,911	34,583
Actuarial gains and losses on defined benefit pension schemes		-	(2,000)	-	(2,000)	-
NET MOVEMENT IN FUNDS FOR THE YEAR		2,942	37,526	79,443	119,911	34,583
Total funds at 1 September 2013		-	33,604	979	34,583	-
TOTAL FUNDS AT 31 AUGUST 2014		2,942	71,130	80,422	154,494	34,583

All activities relate to continuing operations.

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

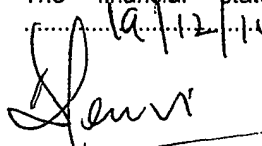
The notes on pages 22 to 40 form part of these financial statements.

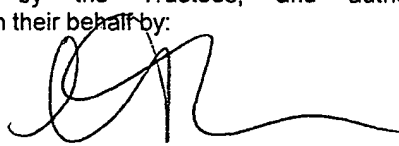
COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07644380

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	12		80,422		979
CURRENT ASSETS					
Debtors	13	32,452		18,125	
Cash at bank and in hand		348,210		52,418	
		<u>380,662</u>		<u>70,543</u>	
CREDITORS: amounts falling due within one year	14	(305,590)		(36,939)	
NET CURRENT ASSETS			<u>75,072</u>		<u>33,604</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>155,494</u>		<u>34,583</u>
Defined benefit pension scheme liability	22	(1,000)			-
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>154,494</u>		<u>34,583</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted income funds	15	72,130		33,604	
Restricted fixed asset fund	15	80,422		979	
		<u>152,552</u>		<u>34,583</u>	
Restricted funds excluding pension liability					
Pension reserve		(1,000)		-	
		<u></u>		<u></u>	
Total restricted funds			151,552		34,583
Unrestricted funds	15		2,942		-
TOTAL FUNDS			<u>154,494</u>		<u>34,583</u>

The financial statements were approved by the Trustees, and authorised for issue on 19/12/14 and are signed on their behalf by:


D. Lewis
Chair


L. Thorpe
Accounting Officer

The notes on pages 22 to 40 form part of these financial statements.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

		31 August 2014	15 month period ended 31 August 2013
	Note	£	£
Net cash flow from operating activities	17	388,177	53,887
Capital expenditure	18	(92,385)	(1,469)
INCREASE IN CASH IN THE YEAR		295,792	52,418

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

	31 August 2014	15 month period ended 31 August 2013
	£	£
Increase in cash in the year	295,792	52,418
MOVEMENT IN NET FUNDS IN THE YEAR	295,792	52,418
Net funds at 1 September 2013	52,418	-
NET FUNDS AT 31 AUGUST 2014	348,210	52,418

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

The notes on pages 22 to 40 form part of these financial statements

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 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 School to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.3 Incoming resources

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

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

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

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

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

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

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

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £3,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the balance sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

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

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

Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are stated at cost less depreciation. 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:

Fixtures and fittings	- 33.33% per annum on a straight line basis
Computer equipment	- 33.33% per annum on a straight line basis

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Taxation

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

1.7 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 School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multi-employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

1.8 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency.

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

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	15 month period Total funds 2013 £
Donations	63	-	63	-

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	15 month period Total funds 2013 £
Trip income	-	462	462	-
Other income	2,470	100	2,570	1,872
Catering income	4,586	-	4,586	-
	<u>7,056</u>	<u>562</u>	<u>7,618</u>	<u>1,872</u>

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	15 month period Total funds 2013 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	621,852	621,852	-
Pupil Premium	-	25,735	25,735	-
Capital grants	-	92,385	92,385	-
Other EFA / DfE grants	-	506,863	506,863	151,939
	<u>-</u>	<u>1,246,835</u>	<u>1,246,835</u>	<u>151,939</u>

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

5. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure Other costs	Total	Total
	2014	2014	2014	2013
	£	£	£	£
Direct costs - Educational operations	276,464	67,469	343,933	69,617
Support costs - Educational operations	75,090	701,892	776,982	42,610
Charitable activities	351,554	769,361	1,120,915	112,227
Governance	-	11,690	11,690	7,000
	351,554	781,051	1,132,605	119,227

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

6. CHARITABLE ACTIVITIES

	Total funds 2014 £	15 month period Total funds 2013 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	225,161	53,333
National insurance	21,213	6,402
Pension cost	30,090	7,520
Depreciation	12,942	490
Agency and other staff costs	11,154	-
Educational supplies	33,549	-
Examination fees	817	-
Staff development	1,973	-
Travel and subsistence	336	-
Uniform expenses	6,698	1,872
	343,933	69,617
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	66,543	-
National insurance	4,746	-
Pension cost	3,801	-
Agency and other staff costs	19,145	-
Bank interest and charges	763	-
Recruitment	23,518	-
Technology costs	134,417	5,304
Travel and subsistence	277	1,651
Maintenance of premises and equipment	207,435	-
Rent and rates	185,402	-
Energy	20,328	-
Insurance	7,882	2,385
Catering	39,395	-
Other support costs	55,757	28,764
Legal & professional services	-	4,506
Cleaning	7,573	-
	776,982	42,610
	1,120,915	112,227

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

7. GOVERNANCE COSTS

	Restricted funds 2014 £	Total funds 2014 £	15 month period Total funds 2013 £
Auditors' remuneration	4,250	4,250	6,000
Accountancy fees	5,120	5,120	-
Legal and professional	150	150	1,000
Governance costs	2,170	2,170	-
	11,690	11,690	7,000

8. NET INCOMING RESOURCES

This is stated after charging:

	31 August 2014 £	15 month period ended 31 August 2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	12,942	490
Auditors' remuneration	4,250	6,000
Accountancy fees	5,120	-

9. STAFF

a. Staff costs

Staff costs were as follows:

	31 August 2014 £	15 month period ended 31 August 2013 £
Wages and salaries	291,704	53,333
Social security costs	25,958	6,402
Other pension costs (Note 22)	33,891	7,520
	351,553	67,255
Benefits in kind	-	1,216
	351,553	68,471

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

9. STAFF (continued)

b. Staff numbers

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

	31 August 2014 No.	15 month period ended 31 August 2013 No.
Teachers	4	1
Administration and support	2	0
Management	2	0
	<u>8</u>	<u>1</u>

c. Higher paid staff

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

	31 August 2014 No.	15 month period ended 31 August 2013 No.
In the band £80,000 - £89,999	<u>0</u>	<u>1</u>

During the period ended 31 August 2013, the above employee participated in the Teachers' Pension Scheme. Pension contributions for this staff member amounted to £7,520.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

10. TRUSTEES' REMUNERATION AND EXPENSES

The Principal was not a Trustee. Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the School in respect of their role as Trustees. The value of Trustees' and Headteachers' remuneration and pension was as follows:

	31 August 2014 £	15 month period ended 31 August 2013 £
Principal 1 (5 months)	38,033	-
Principal 2 (8 months)	52,603	-
Governor (11 months)	49,513	-

During the year telephone and advertising expenses of £1,693 were paid by M Deutz on behalf of the school. At the year end £517 (2013: £3,716) was due to M Deutz.

Travel expenses of £200 were reimbursed to D Bassett during the year (2013: £135 to 3 Trustees).

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the School has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2014 was £855 (2013 - £795). The cost of this insurance is included in the total insurance cost.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

12. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 September 2013	-	1,469	1,469
Additions	24,158	68,227	92,385
At 31 August 2014	24,158	69,696	93,854
Depreciation			
At 1 September 2013	-	490	490
Charge for the year	1,342	11,600	12,942
At 31 August 2014	1,342	12,090	13,432
Net book value			
At 31 August 2014	22,816	57,606	80,422
At 31 August 2013	-	979	979

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

13. DEBTORS

	2014 £	2013 £
VAT repayable	20,092	5,162
Other debtors	-	948
Prepayments and accrued income	12,360	12,015
	<u>32,452</u>	<u>18,125</u>

14. CREDITORS:
Amounts falling due within one year

	2014 £	2013 £
Trade creditors	1,112	-
Taxation and social security	-	486
Other creditors	1,500	5,263
Accruals	302,978	31,190
	<u>305,590</u>	<u>36,939</u>

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

15. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds					
Unrestricted funds	-	7,119	(4,177)	-	2,942
Restricted funds					
General Annual Grant (GAG)	-	621,852	(596,287)	-	25,565
Other DfE/EFA Grants	33,604	532,598	(520,199)	-	46,003
Other restricted income	-	562	-	-	562
Pension reserve	-	-	1,000	(2,000)	(1,000)
	<u>33,604</u>	<u>1,155,012</u>	<u>(1,115,486)</u>	<u>(2,000)</u>	<u>71,130</u>
Restricted fixed asset funds					
Restricted fixed asset funds	979	92,385	(12,942)	-	80,422
Total restricted funds	<u>34,583</u>	<u>1,247,397</u>	<u>(1,128,428)</u>	<u>(2,000)</u>	<u>151,552</u>
Total of funds	<u>34,583</u>	<u>1,254,516</u>	<u>(1,132,605)</u>	<u>(2,000)</u>	<u>154,494</u>

The General Annual Grant (GAG) must be used for the normal running costs of the School.

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes pupil premium and other Local Authority funding for which income received is used to cover costs associated with these activities.

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme.

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

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	15 month period ended 31 August 2013 £
Tangible fixed assets	-	-	80,422	80,422	979
Current assets	2,942	377,720	-	380,662	70,543
Current liabilities	-	(305,590)	-	(305,590)	(36,938)
Pension scheme liability	-	(1,000)	-	(1,000)	-
	<u>2,942</u>	<u>71,130</u>	<u>80,422</u>	<u>154,494</u>	<u>34,583</u>

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2014 £	15 month period ended 31 August 2013 £
Net incoming resources before transfers	121,911	34,583
Depreciation of tangible fixed assets	12,942	490
Increase in debtors	(14,327)	(18,125)
Increase in creditors	268,651	36,939
FRS 17 pension cost less contributions payable	(1,000)	-
Net cash inflow from operations	<u><u>388,177</u></u>	<u><u>53,887</u></u>

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

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

	31 August 2014 £	15 month period ended 31 August 2013 £
Capital expenditure and financial investment		
Purchase of tangible assets	(92,385)	(1,469)

19. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	52,418	295,792	-	348,210
Net funds	52,418	295,792	-	348,210

20. CONTINGENT LIABILITIES

The academy is in dispute with a software supplier in respect of services provided. The trustees have obtained professional advice and are contesting certain items. They consider that all claims made by the supplier are without foundation. No provision has been made in the financial statements in respect of this supplier.

21. 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.

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

22. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

22. PENSION COMMITMENTS (continued)

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

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2014 was £6,000, of which employer's contributions totalled £4,000 and employees' contributions totalled £2,000. The agreed contribution rates for future years are 13% for employers and 5.5% - 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.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

22. PENSION COMMITMENTS (continued)

Pension scheme liabilities were included during the year to 31 August 2014.

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	7.50	4,000
Property	6.80	800
Government bonds	2.90	600
Corporate bonds	3.30	600
Total market value of assets		<u>6,000</u>
Surplus in the scheme		<u><u>6,000</u></u>

The amounts recognised in the balance sheet are as follows:

	31 August 2014 £	15 month period ended 31 August 2013 £
Present value of funded obligations	(7,000)	-
Fair value of scheme assets	<u>6,000</u>	<u>-</u>
Net liability	<u><u>(1,000)</u></u>	<u><u>-</u></u>

The amounts recognised in the Statement of Financial Activities are as follows:

	31 August 2014 £	15 month period ended 31 August 2013 £
Current service cost	<u><u>(3,000)</u></u>	<u><u>-</u></u>

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

22. PENSION COMMITMENTS (continued)

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

	31 August 2014 £	15 month period ended 31 August 2013 £
Current service cost	3,000	-
Contributions by scheme participants	2,000	-
Actuarial losses	2,000	-
	<u>7,000</u>	<u>-</u>
Closing defined benefit obligation	<u>7,000</u>	<u>-</u>

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

	31 August 2014 £	15 month period ended 31 August 2013 £
Contributions by employer	4,000	-
Contributions by employees	2,000	-
	<u>6,000</u>	<u>-</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £2,000.

The academy trust expects to contribute £11,000 to its Defined Benefit Pension Scheme in 2015.

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

	2014
Discount rate for scheme liabilities	3.70 %
Expected return on scheme assets at 31 August	6.40 %
Rate of increase in salaries	3.60 %
Rate of increase for pensions in payment	2.10 %
Inflation assumption (CPI)	2.10 %

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

22. PENSION COMMITMENTS (continued)

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

	2014
Retiring today	
Males	21.8
Females	26.3
Retiring in 20 years	
Males	23.9
Females	28.6

Amounts for the current period are as follows:

Defined benefit pension schemes

	2014 £
Defined benefit obligation	(7,000)
Scheme assets	6,000
Deficit	<u>(1,000)</u>
Experience adjustments on scheme liabilities	<u>(2,000)</u>

23. RELATED PARTY TRANSACTIONS

The financial statements of the academy include expenses of £706 (2013: £706) for payroll services and £nil (2013: £3,040) for administration expenses by John Cabot Ventures Limited, a company in which Sir David Carter, a former trustee of the school, is a director.

24. CONTROLLING PARTY

There is no ultimate controlling party.

25. COMPANY LIMITED BY GUARANTEE

The Trust is a company limited by guarantee and does not have share capital.