

COMPANY REGISTRATION NUMBER 07644380

Compass Schools Trust
Company Limited by Guarantee
Financial Statements
31 August 2013

MHA MACINTYRE HUDSON

Chartered Accountants & Statutory Auditor
Euro House
1395 High Road
London
N20 9YZ

Contents	Page
Reference and Administrative Details	1
Governors' Annual Report	3
Governance Statement	13
Statement of Governors' Responsibilities	15
Statement on Regularity, Propriety and Compliance	13
Independent Auditor's Report to the Members	14
Independent Reporting Accountant's Report on Regularity	16
Statement of Financial Activities (incorporating the Income and Expenditure account)	18
Balance sheet	19
Cash flow statement	20
Accounting policies	21
Notes to the financial statements	27

Company Name	Compass Schools Trust
Company Registration Number	07644380 (England & Wales)
Registered Office	Compass Schools Trust c/o Browne Jacobson, 77 Gracechurch Street, London EC3V 0AS
Governors (Trustees) *Member of the Finance Committee	Dale Bassett * (Chair of governors) Douglas Lewis (Chair of the board, Compass Schools Trust) Amy Leonard* Martin Deutz* (Accounting Officer) Liam O'Dwyer (Staff Governor) appointed 14 October 2013 Lauren Thorpe, appointed 4 September 2013, resigned 16 December 2013 Ceri Evans, resigned 19 November 2013 Sandra Jenner, appointed 14 October 2013, resigned 19 November 2013 Sir David Carter, resigned 11 December 2013.
Company secretary	Martin Deutz
Senior management team	Principal: Until 13 December 2013, Tony Searle; from 6 January 2014, Lauren Thorpe
Statutory Auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditor Euro House 1394 High Road London N20 9YZ
Bankers	HSBC plc City Branch 33 Park Row Leeds LS1 1LD
Solicitors	Browne Jacobson 77 Gracechurch Street London EC3V

Compass Schools Trust Company Limited by Guarantee

Governors' Annual Report (*continued*)

Period ended 31 August 2013

The governors present their annual report together with the audited financial statements of Compass Schools Trust for the period ended 31 August 2013. The Charitable Company was incorporated on 23 May 2011, and its Funding Agreement was signed with the Secretary of State, Department for Education, on 12 August 2013. The company was dormant in the period from incorporation to 1 June 2012.

Reference and administrative details

Reference and administrative details are shown in the schedule of reference and administrative details on pages 2 of the financial statements.

Structure, governance and management

Constitution

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 Company.

The sole school operated by the Company is Compass School Southwark.

The Governors act as the trustees for the charitable activities of Compass School Southwark and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Compass Schools Trust.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 2.

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.

Governors' 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 Academy Trust. The cost of this insurance in the period was £795 (as disclosed in note 9 to accounts).

Principal Activities

The principal activity of the Company in the period to which these accounts relate was the founding and setting up of Compass School Southwark ("the School"). The School is a secondary school for pupils aged 11 to 19 years old. Since the period end, the School has successfully opened with an intake of 41 year 7 pupils

Compass Schools Trust Company Limited by Guarantee

Governors' Annual Report (*continued*)

Period ended 31 August 2013

Method of Recruitment and Appointment or Election of Governors

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. Both appointments will be on the basis of a secret ballot of qualifying individuals. In addition to the Principal, the School has appointed one staff governor who was nominated by a secret ballot of qualifying staff.

Policies and Procedures Adopted for the Induction and Training of Governors

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.

Organisational Structure

In the period covered by these accounts, all decisions were taken by the directors of the Company, and all commitments were approved by them. All financial matters, including commitments and payments, were authorised and entered into as appropriate by the Directors of the Company. Upon the opening of the School, responsibility for these matters was passed to the governors.

Risk Management

The Directors and governors have been constantly mindful of the need for appropriate risk identification and management.

In the period to which the accounts relate the principal risks arose in connection with the concluding of the Funding Agreement, the identification and securing of premises and the recruitment of sufficient pupils to render the School viable. The property-related risks were managed by the Directors maintaining close contact with the Education Funding Agency and the freeholder of the proposed site; and those relating to pupil recruitment were managed by way of an extensive marketing programme and community engagement. The potential financial risks associated with these matters were dealt with by minimising the extent and quantum of financial commitments entered into before material issues were resolved. No financially material adverse risk outcomes arose in the period.

The Governors consider that the principal ongoing risks to which the School is exposed arise in relation to the successful refurbishment of the School's buildings, a project which is being conducted for the school by the Education Funding Agency and the freeholder in close dialogue with the governors.

Financial and premises issues are reviewed at all meetings of the Company's directors and of the governors.

Compass Schools Trust Company Limited by Guarantee

Governors' Annual Report (*continued*)

Period ended 31 August 2013

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 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.

Objectives, Strategies and Activities

The main objective in the period was the setting up of the school, which involved the securing of funding from the Education Funding Agency, the securing of premises and the recruitment of pupils and staff.

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 successful opening of the School on 2 September 2013.

Achievements and performance

The aims and objectives were fully met in that the School opened as scheduled with the number of pupils predicted in the School's financial plan.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the School 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

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 in

Compass Schools Trust Company Limited by Guarantee

Governors' Annual Report (*continued*)

Period ended 31 August 2013

achieving a successful opening should not exceed the grant. This objective was met, with a surplus carried forward to 2013-14.

Financial Review

The Company's and School's principal sources of funding are revenue and capital grants from the Department of Education and the Education Funding Agency. In the period to 31 August 2013 the Academy received a start up grant of £151,939. Total expenditure in the period was £119,228.

The surplus carried forward to 2013-14 is to be used for: a) non-recurring costs for which the Company was funded by the Department but which were not incurred in the period covered by the accounts; and b) exceptional expenditure specifically sanctioned by the Directors.

Financial and Risk Management Objectives and Policies

In the period covered by these accounts, supported by consultants appointed by the Department for Education, the Directors reviewed cash-flow and expenditure against budget on a routine basis.

The School practises through its Board, namely the Governing Body and the constituted subcommittees, 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 addressed by the Governing Body collectively, whilst more minor risks are addressed by the Principal.

Principal Risks and Uncertainties

The principal risks facing the Academy are:

- Performance risk – risks associated with educational standards and outcomes. Recruitment of experienced and qualified staff. Oversight activities via the Governing Body and the Standards Subcommittee 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.
- Operational risks – risks associated with safeguarding and health and safety. The Governing Body ensures that all statutory policies are in place and are being implemented in the School.
- Risks associated with personnel – staff performance, retention and recruitment. Performance is monitored as part of managing the overall performance risk, through formal appraisal and ongoing 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 to meet the anticipated requirements of the School.

Compass Schools Trust Company Limited by Guarantee

Governors' Annual Report (*continued*)

Period ended 31 August 2013

- 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.
- Premises: as described earlier in this report.
- Reputational risk: dealt with by the School's handling of the above risks, the maintenance of close contact with relevant stakeholders, and the development of marketing communication strategies as required.

Reserves Policy

At 31 August 2013 the total funds comprised:

Restricted:	Fixed asset funds	979
	Other	<u>33,604</u>
		<u>34,583</u>

While technically unrestricted, the Directors and Governors have determined that the surplus carried forward at 31 August 2013 from the set up funding will only be used for the purposes described earlier in this report.

Investment Policy

Given the scale of the School's financial resources, surplus cash, representing the surplus brought forward, is held on deposit in an interest bearing account at our bank.

Plans for future periods

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

Independent auditor

In so far as the Governors are aware:

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

Compass Schools Trust Company Limited by Guarantee

Governors' Annual Report (*continued*)

Period ended 31 August 2013

- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

MHA MacIntyre Hudson are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Approved by order of the members of the board of trustees on and signed on their behalf by:

.....
Chair

Compass Schools Trust Company Limited by Guarantee

Governance Statement *(continued)*

Period ended 31 August 2013

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 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 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.

Governance

The information on governance included here supplements that described in the governors' Report and in the Statement of Governors' responsibilities. The governing body was not operating in the period to which these accounts relate.

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's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Company for the period ended 31 August 2013 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 trust 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 an adequate on-going process for identifying, evaluating and managing that Academy trust's significant risks that has been in place for the period ending 31 August 2013 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 Governing Body has retained direct responsibility for internal financial control. 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;

Compass Schools Trust Company Limited by Guarantee

Governance Statement *(continued)*

Period ended 31 August 2013

- regular reviews by the Finance and General Purposes 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 an internal audit function and has decided to appoint an internal auditor, who is retained to give advice on internal controls and risk management on a regular basis.

Review of Effectiveness

Since the reporting date for these accounts external auditors have been appointed to conduct the annual audit, assist in the preparation of the accounts, and to undertake the internal audit function. The school does not propose to appoint a Responsible Officer and planning for the specific internal audit function is to be addressed by the Finance and General purpose committee. The Finance and General Purposes Committee has been constituted and in the process of undertaking the work required to ensure that a plan is in place to address any weaknesses in the systems of internal control and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on and signed on its behalf by:

.....
D Lewis
Chair

.....
M Deutz
Accounting Officer

Compass Schools Trust Company Limited by Guarantee

Statement of Governors' Responsibilities

Period ended 31 August 2013

The Trustees, who act as governors for the Compass Schools Trust and are also the directors of the charitable company for the purposes of company law, are responsible for preparing the Governors' Annual 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

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

The Governors 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 Governors 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 Education Funding Agency and Department for Education have been applied for the purposes intended.

The Governors 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 on and signed on their behalf by:

.....
D Lewis
Chair

Compass Schools Trust Company Limited by Guarantee

Statement on Regularity, Propriety and Compliance

Period ended 31 August 2013

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

.....
M Deutz
Accounting officer

Compass Schools Trust Company Limited by Guarantee

Independent Auditor's Report to the Members of Compass Schools Trust

Period ended 31 August 2013

We have audited the financial statements of Compass Schools Trust for the period ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, Accounting Policies 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 Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of governors and

As explained more fully in the Statement of Governors Responsibilities (set out on page 12) the Governors (who are also the directors of the charitable company 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 trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited financial statements. 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 trust's affairs as at 31 August 2013 and of its incoming resources and application of resources for the period 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 Annual Accounts Direction 2013 issued by the Education Funding Agency.

Compass Schools Trust Company Limited by Guarantee

Independent Auditor's Report to the Members of Compass Schools Trust *(continued)*

Period ended 31 August 2013

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report for the financial period for the 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Euro House
1394 High Road
London
N20 9YZ

Brendan Sharkey FCA (Senior Statutory
Auditor)
For and on behalf of
MHA MACINTYRE HUDSON
Chartered Accountants
& Statutory Auditor

.....

Compass Schools Trust Company Limited by Guarantee

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of the Compass Schools Trust and the Education Funding Agency

Period ended 31 August 2013

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Compass Schools Trust during the period ended 31 August 2013 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 the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Schools 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 Compass Schools Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Compass Schools Trust Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Compass Schools Trust funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2012, 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. 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 period ended 31 August 2013 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 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 trust's income and expenditure.

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;

Compass Schools Trust Company Limited by Guarantee

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of the Compass Schools Trust and the Education Funding Agency (*continued*)

Period ended 31 August 2013

- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- 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.

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 period ended 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Euro House
1394 High Road
London
N20 9YZ

.....

MHA MACINTYRE HUDSON
Chartered Accountants
& Statutory Auditor

Compass Schools Trust Company Limited by Guarantee

Statement of Financial Activities (incorporating the Income and Expenditure Account)

Period ended 31 August 2013

	Note	Restricted Funds £	Restricted Fixed Asset Funds £	15 month period ended 2013 £	Total Funds 2012 £
Incoming resources					
Incoming resources from generated funds:					
Activities for generating funds	1	1,872	–	1,872	–
Income from charitable activities:					
Funding for academy's educational operations	2	151,939	–	151,939	–
Total incoming resources		153,811	–	153,811	–
Resources expended					
Charitable activities					
Academy's educational expenditure	4	111,738	490	112,228	–
Governance costs	5	7,000	–	7,000	–
Total resources expended		118,738	490	119,228	–
Net incoming resources before transfers	6	35,073	(490)	34,583	–
Gross transfers between funds		(1,469)	1,469	–	–
Net income for the period		33,604	979	34,583	–
Reconciliation of funds					
Total funds brought forward at 1 June 2012		–	–	–	–
Total funds carried forward at 31 August 2013		33,604	979	34,583	–

All of the academy trust's activities derive from acquisitions in the current financial period. The academy was dormant to 31 August 2012.

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

The accounting policies and notes on pages 21 to 32 form part of these financial statements.

Compass Schools Trust Company Limited by Guarantee

Balance Sheet

31 August 2013

	Note	2013 £	£	2012 £
Fixed assets				
Tangible assets	10		979	–
Current assets				
Debtors	11	18,125		–
Cash at bank		52,418		–
		<u>70,543</u>		–
Creditors: amounts falling due within one year	12	<u>(36,939)</u>		–
Net current assets			33,604	–
Total assets less current liabilities			<u>34,583</u>	–
Net assets			<u><u>£34,583</u></u>	–
Funds of the academy trust:	14			
Restricted Fixed asset fund		979		–
Restricted income funds		<u>33,604</u>		–
			34,583	–
Total funds			<u><u>£34,583</u></u>	–

These financial statements were approved by the Governors, and authorised for issue on and are signed on their behalf by:

.....
D Lewis
Chair

Company Registration Number: 07644380

The accounting policies and notes on pages 21 to 32 form part of these financial statements.

Compass Schools Trust Company Limited by Guarantee

Cash Flow Statement

Period ended 31 August 2013

	Note	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	18	53,887	–
Capital expenditure	19	(1,469)	–
		<u>52,418</u>	<u>–</u>
Increase/(decrease) in cash in the period		<u>£52,418</u>	<u>£–</u>
Reconciliation of net cash flow to movement in net funds			
		2013 £	2012 £
Net funds at 1 June 2012		-	-
Increase in cash in the period		52,418	-
Net funds at 31 August 2013		<u>52,418</u>	<u>-</u>

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

The accounting policies and notes on pages 21 to 32 form part of these financial statements.

Compass Schools Trust School Company Limited by Guarantee

Accounting Policies

Period ended 31 August 2013

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Charity Commission Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below. The Academy was dormant in the year to 31 May 2012.

Incoming resources

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

Grants receivable

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

Donations

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

Other income

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

Donated Services and Gifts in Kind

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

Resources expended

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

All resources expended are inclusive of irrecoverable VAT.

Costs of generating funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Compass Schools Trust School Company Limited by Guarantee

Accounting Policies *(continued)*

Period ended 31 August 2013

Governance costs

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

Fund accounting

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

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

Fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

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

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.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life.

Computer Equipment – three years straight line

Pension costs

Retirement benefits to employees of the School are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme, which is a contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets in the scheme are held separately from those of the School.

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. 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

Compass Schools Trust School Company Limited by Guarantee

Accounting Policies *(continued)*

Period ended 31 August 2013

Going concern

The Governors 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 Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Taxation

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

Compass Schools Trust School Company Limited by Guarantee

Notes to the Financial Statements

Period ended 31 August 2013

1. Incoming resources from activities for generating funds

	Restricted Funds £	15 month period ended 2013 £	Total Funds 2012 £
Other income – sale of uniforms	<u>1,872</u>	<u>1,872</u>	<u>–</u>

2. Funding for academy's educational operations

	Restricted Funds £	Restricted Fixed Asset Funds £	15 month period ended 2013 £	Total Funds 2012 £
DfE/EFA grants				
Project Development Grant	<u>151,939</u>	<u>–</u>	<u>151,939</u>	<u>–</u>

3. Resources expended

	Staff costs £	Premises £	Other costs £	15 month period ended 2013 £
Academy's educational operations:				
Direct costs	67,255	490	1,872	69,617
Support Costs	–	2,591	40,020	42,611
	<u>67,255</u>	<u>3,081</u>	<u>41,892</u>	<u>112,228</u>
Governance costs including allocated support costs	–	–	7,000	7,000
	<u><u>67,255</u></u>	<u><u>3,081</u></u>	<u><u>41,892</u></u>	<u><u>119,228</u></u>

Compass Schools Trust Primary Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Period ended 31 August 2013

4. Academy's educational operations

	Restricted Funds £	Restricted Fixed Asset Funds £	15 month period ended 2013 £
<i>Direct costs</i>			
Teaching & educational support staff	67,255	–	67,255
Depreciation	–	490	490
Uniform expenses	1,872	–	1,872
	<u>69,127</u>	<u>490</u>	<u>69,617</u>
<i>Allocated support costs</i>			
Recruitment and support	11,761	–	11,761
ICT consumables and consultancy	5,304	–	5,304
Insurance	2,385	–	2,385
Travel and subsistence	1,652	–	1,652
Bank charges	20	–	20
Legal & professional services	4,506	–	4,506
Advertising and marketing	16,495	–	16,495
Other support costs	488	–	488
	<u>42,611</u>	<u>–</u>	<u>42,611</u>
	<u>111,738</u>	<u>490</u>	<u>112,228</u>

5. Governance costs

	Restricted Funds £	15 month period ended 2013 £	Total Funds 2012 £
Audit fees	6,000	6,000	–
Legal and professional fees	1,000	1,000	–
	<u>7,000</u>	<u>7,000</u>	<u>–</u>

6. Net incoming/(outgoing) resources for the period

This is stated after charging:

		2012
Fees payable to auditor		
Audit	6,000	–
Other services	490	=

Compass Schools Trust Primary Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Period ended 31 August 2013

7. Staff costs and emoluments

	15 month period ended	
	Total	
	2013	
	£	
Wages and salaries	53,333	
Social security costs	6,402	
Other pension costs	7,520	
	<u>£67,255</u>	
Benefits in kind	<u>1,216</u>	

Particulars of employees:

	2013	2012
The average number of employees during the 15 month period, Teachers	<u>1</u>	<u>-</u>
The number of employees whose annualised remuneration fell within the following bands, were:		
	2013	2012
£80,000 to £89,999	<u>1</u>	<u>-</u>

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for this staff members amounted to £7,520 (2012: £nil).

8. Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in their services as governors. Other governors did not receive any payments from the academy in respect of their role as governors. No governors were staff in the period to 31 August 2013 and the Headteacher was not a governor.

During the period ended 31 August 2013, travel and subsistence expenses totalling £135 (2012: £nil) were reimbursed to 3 (2012: 0) governors.

At the period end £3,716 was due to M Deutz, a governor, for expenses paid on behalf of the academy.

9. Governors' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors 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 period ended 31 August 2013 was £795.

Compass Schools Trust Primary Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Period ended 31 August 2013

10. Tangible fixed assets	Computer equipment £	
Cost		
Additions		1,469
At 31 August 2013		<u>£1,469</u>
Depreciation		
Charge for the period		490
At 31 August 2013		<u>£490</u>
Net book value		
At 31 August 2013		<u>979</u>
At 31 May 2012		-
		<u> </u>
11. Debtors	2013	2012
	£	£
Other debtors	948	-
VAT recoverable	5,162	-
Prepayments and accrued income	12,015	-
	<u>£18,125</u>	<u> </u>
		<u> </u>
12. Creditors: Amounts falling due within one year	2013	2012
	£	£
Taxation and social security	486	-
Other creditors	5,263	-
Accruals and deferred income	31,190	-
	<u>£36,939</u>	<u> </u>
		<u> </u>

13. Pensions and similar obligations

The Academy's employee belonged to the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff. It is a defined-benefit scheme.

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

There were outstanding contributions at the end of the financial period of £1,500, included in other creditors.

Compass Schools Trust Primary Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Period ended 31 August 2013

13. Pensions and similar obligations *(continued)*

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation 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 (in excess of price increases and currently set at 3.5%), 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

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date)

Compass Schools Trust Primary Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Period ended 31 August 2013

was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

13. Pensions and similar obligations *(continued)*

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced, effective for the first time for the 2008 valuation, a 14% cap on employer contributions payable.

Scheme Changes

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multiemployer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if to were a defined contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

Compass Schools Trust Primary Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Period ended 31 August 2013

14. Funds

	Balance at 1 June 2012 £	Incoming resources £	Resources expended £	Transfer £	Balance at 31 Aug 2013
Restricted general funds					
Project Development Grant (PDG)	-	151,939	(116,866)	(1,469)	33,604
Other restricted funds	-	1,872	(1,872)	-	-
	-	153,811	(118,738)	(1,469)	33,604
Restricted fixed asset funds					
Capital expenditure from PDG	-	-	(490)	1,469	979
	-	-	(490)	1,469	979
Total restricted funds being Total funds	-	153,811	(119,228)	-	34,583

The project development grant must be used eligible expenditure for project development.

The other restricted funds relate to the sale of school uniforms.

The transfer between the restricted project development grant fund and restricted fixed asset funds represents amounts capitalised during the period.

15. Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Restricted general funds £	Restricted fixed asset fund £	Total £
Tangible fixed assets	-	979	979
Current assets	70,543	-	70,543
Current liabilities	(36,939)	-	(36,939)
	33,604	979	34,583

16. Company limited by guarantee

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

Compass Schools Trust Primary Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Period ended 31 August 2013

17. Reconciliation of net incoming resources to net cash inflow/(outflow) from operating activities	15 month period to 2013	2012
	£	£
Net incoming resources before transfers	34,583	-
Decrease/(increase) in debtors	490	-
(Decrease)/increase in creditors	(18,125)	-
	36,939	-
Net cash inflow from operating activities	53,887	-

18. Capital expenditure	15 month period ended 2013	2012
	£	£
Purchase of tangible fixed assets	(1,469)	-
Net cash outflow from capital expenditure and financial investment	(1,469)	-

19. Analysis of changes in net funds	1 June 12	Cash flows	31 Aug 13
	£	£	£
Cash at bank	-	52,418	52,418

20. Related party transactions

During the period the school was invoiced £706 for payroll services and £3,040 for administration expenses by John Cabot Ventures Limited, a company in which Sir David Carter, a trustee of the school, is a director

21. Commitments

After the period end the school is committed to pay approximately £35,000 for building work to the current premises. This expense is covered by a grant receivable in 2013/14 from the EFA.

22. 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 £1 for the debts and liabilities contracted before he/she ceases to be a member.

23. Events after the balance sheet date

Compass Schools Trust opened as an academy in September 2013 with 41 pupils.

**Compass Schools Trust Primary
Company Limited by Guarantee**

Notes to the Financial Statements *(continued)*

Period ended 31 August 2013
