

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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COMPASS SCHOOLS TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Douglas Lewis CBE, Chair of Members
Greg Rosen
Leon De Costa (resigned 17 July 2018)
Martin Deutz
Tom Lee (resigned 17 July 2018)
Peter Atherton (appointed 18 July 2018)
Grace Majumdar (appointed 18 July 2018)

Trustees

Douglas Lewis CBE¹
Leon De Costa, Chair of Trustees (resigned 18 July 2018)¹
Martin Deutz, Chair of Trustees (appointed 18 July 2018)¹
Marcus Huntley, Principal and Accounting Officer (appointed 1 September 2017)
Greg Rosen
Tom Lee (resigned 18 July 2018)
Ian Patterson (resigned 19 March 2018)
Amy Gandon (resigned 1 January 2018)
Peter Atherton¹
Tristram Jones-Parry
Sally Wood (appointed 15 March 2018)
Heather Baker (appointed 15 March 2018)
Richard Cuevas (appointed 15 March 2018)
Grace Majumdar (appointed 15 March 2018)
Benjamin May (appointed 21 May 2018)

¹ Finance and Operations Committee

Company registered number

07644380

(Registered in England and Wales)

Company name

Compass Schools Trust

Principal and registered office

Compass School Southwark, Drummond Road, Bermondsey, London, SE16 2BT

Company secretary

Martin Deutz

Senior management team

Marcus Huntley, Principal and Accounting Officer (appointed 1 September 2017)
Victoria Cockram, Director of Standards (resigned 31 March 2018)
David Collins, Director of School

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Paula Kennedy, Director of Learning
Maggie Selman, Director of Business and Operations
Michael Crow, Senior Leader of Faculty (resigned 30 April 2018)
Louise Shotton, Assistant Principal for Inclusion
Sarah Milburn, Assistant Principal
Gareth Jones, Senior Leader of Teaching and Learning (appointed 1 May 2018)

Independent auditors

MHA MacIntyre Hudson, New Bridge Street House, 30-34 New Bridge Street, London, EC4V 6BJ

Bankers

HSBC plc, 33 Park Row, Leeds, LS1 1LD

Solicitors

Browne Jacobson LLP, 15th Floor, 6 Bevis Marks, Bury Court, London, EC3A 7BA

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Compass Schools Trust operates a single academy which will eventually provide education to 600 pupils serving a catchment area around Bermondsey, in the London Borough of Southwark, with admissions being non-selective and based on catchment area. Each year the school grows in size, with students across year groups 7 to 11 in the year to 31 August 2018. It has a roll of 376 in the school census of October 2018 and a current capacity of 600.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee in England and Wales and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. It is a single academy trust and these financial statements give the result of the academy as a single entity.

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

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

Details of the trustees who served throughout the year 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

Trustees benefit from indemnity insurance to cover the liability of the Trustees 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, with cover up to £10 million. The cost of this insurance in the year is detailed in note 11.

Method of Recruitment and Appointment or Election of Trustees

The founding 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 have two serving parent Governors, with a first preference of these parents being from our school community. In the absence of parents nominating themselves for appointment to the Governing Body, existing Governors who are themselves parents of school-age children will act as parent governors. A chairman and Vice Chairman are appointed to the Governing Body from among the Governors at the first meeting of each academic year. Governors are appointed on the basis of their personal competence and specialist skills. The term of office for any Governors shall be four years, subject to remaining eligible to be a particular type of Governor. Any Governor may be re-appointed or re-elected.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Policies and Procedures Adopted for the Induction and Training of Trustees

Governors are provided with statutory training through the governance services of the London Borough of Southwark, which also provides additional training and supporting materials to meet the specific needs of Governor roles. Further, one Governor has participated 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 the National schools and education context, by visiting the school periodically, and by attending training courses where the annual skills audit identifies that further training is required.

Organisational Structure

The Full Governing Body meets at least four times annually, with all Governors expected to attend. Two sub-committees have also been established (Standards and Finance & Operations) which meet up to five times per year, and in advance of the Full Governing Body meeting. A Pay Committee, comprising the Chair of Governors and the Chairs of the two committees, meets as required to fulfil its role in relation to staffing, staff appraisal and pay awards. An ad-hoc strategy committee has also been established, consisting of the Chairs of each committee plus the Chair of Governors and the Chair of the Trust, to effectively respond to matters regarding the future of the school buildings and the school's strategic direction and sustainability.

The strategic direction of the academy is led by the Principal and supported by the Senior Management Team.

Arrangements for setting pay and remuneration of key management personnel

The Principal's salary and benefits are agreed by the Pay Committee of the Governing Body which meets annually inter alia to review the Principal's performance against a range of agreed objectives, following detailed appraisals. A similar process is in place for the Senior Leadership Team in the school, for which colleagues the Principal makes a recommendation on the pay decision to the Pay Committee. These salaries are benchmarked against relevant salaries in the locality and relevant pay scales.

Trade Union Facility Time

The academy trust does not have any staff who were relevant union officials during the relevant period. No reporting is required under the provisions of the Trade Union (Facility Time Publication Requirement) Regulations 2017.

Related parties and other connected charities and organisations.

The Company and the School were not involved in any related party transactions and there were no disclosable Connected Organisations other than those detailed in note 19.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Objects and Aims of the charitable company are to advance, for the public benefit, the quality of the education provision in the locality where Compass School Southwark, the only school operated by the Compass Schools Trust, is located.

The vision of Compass School Southwark, the first and only school currently operated by 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 activities and strategic decisions are based are: aspiration, integrity, exploration and resilience. We believe that these four core values are key attributes of a successful young adult, and by focusing on these attributes our students will achieve the highest levels of academic attainment.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

In addition, the Compass Schools Trust aims to promote the provision of facilities for recreation or other activities in the interests of social welfare for individuals living in the locality of the school.

Objectives, Strategies and Activities

The objectives of the Compass Schools Trust and Compass School Southwark are set through the School Development Plan. This document is reviewed at each Full Governing Body meeting, and half-termly (six times per year) by the Senior Leadership Team of the school.

A range of whole school performance measures are set, with progress towards these measures reviewed at each Governing Body meeting as part of the Principal's Report. As a Trust and as a school we strongly believe in reflecting on our practice, and conduct internal and external reviews in order to benchmark our progress.

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 Charities 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. The academy is a non-selective school and abides by the admission arrangements provided.

STRATEGIC REPORT

Achievements and Performance

Like all maintained schools and academies, our key achievements and performance is measured through national standardised examinations taken by our students at the end of Year 11 (GCSEs). These results are used to benchmark the positive outcomes for the students within the school and to benchmark schools against their peers. The year under review was the first year in which students took GCSEs.

Like all maintained schools and academies, our key achievements and performance is measured through national standardised examinations taken by our students at the end of Year 11 (GCSEs). These results are used to benchmark the positive outcomes for the students within the school and to benchmark schools against their peers. The year under review was the first year in which students took GCSEs. In this year pupils achieved outcomes that when validated, are like to show a Progress 8 score of -0.52 and Attainment 8 Score of 40.5. Both these are below national average performance, however these measures are expected to rise significantly with future cohorts achieving at least national average outcomes.

As an academy Compass School Southwark is also subject to inspections from the Office for Standards in Education, Children's Services and Skills (Ofsted). The most recent inspection took place in May 2017, when the school was graded as "GOOD" in all categories.

In addition to the external performance and accountability measures which the school is subject to, Compass School Southwark also sets a range of internal targets with regards to academic progress and attainment for each student, the wellbeing and behaviour of students, and the business functions of the school. These targets are set out in the School Development Plan. Progress towards the targets set in the school's development plan are moderated externally by a range of education partners.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial indicators

In the period covered by the accounts, the Company was primarily funded by way of a grant from the ESFA/Department of Education. The principal financial objective of the Company was that its educational expenditure for the financial year should not exceed the grant and that the school should be able to for the foreseeable future meet its liabilities as they fall due. In the year under review, the school incurred a net deficit in-year of £383,886 (2017 - £299,603).

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 academic outcomes, non-academic measures including behaviour, attendance and extra-curricular provision, staff attendance, quality of teaching, student recruitment and community engagement and are available from the academy.

Going Concern

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

FINANCIAL REVIEW

Review of year

The Compass Schools Trust principal sources of funding are revenue and capital grants from the Department of Education and the Education and Skills Funding Agency, associated with the Compass School Southwark. In the year to 31 August 2018 the Academy received grants in support of its operating activities of £3,867,951 (2017 £3,284,238) and in respect of capital expenditure of £86,252 (2017 £7,156). Pupil Premium funding of £241,656 has been used to ensure that teaching and learning opportunities meet the needs of all pupils with appropriate provision for vulnerable pupils.

Taking into account brought forward reserves the School retained a revenue reserves surplus of £514,642 at 31 August 2018. The surplus carried forward to 2018-19 is to be used for: exceptional expenditure specifically sanctioned by the Governors, 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.

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 to augment the grant funding of building, maintenance, fixtures and fittings. The principle source of reserves is the accumulation of annual operating surpluses.

At 31 August 2018 the total funds comprised:

Unrestricted	£6,965
Restricted:	
Fixed asset funds	£1,256,126
Pension reserve	£(129,000)
Other	£507,677
	£1,641,768

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TRUSTEES' REPORT (continued)
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The deficit of £129,000 (£85,000) 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 20. 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 trustees have plans in place to meet the deficit such that there are no constraints on reserves going forward.

The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds can be expended in accordance with the general purposes of the Academy, at the discretion of the Governors, and represent less than one week's worth of Academy educational expenditure.

Investment Policy

The Compass Schools Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation to the extent possible without taking undue risk.

To optimise returns 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, whilst ensuring the investments are such that there is no risk to the loss of these cash funds.

The Trust periodically reviews the School's banking arrangements and balances in order to minimise the School's exposure to credit risk.

Principal Risks and Uncertainties

The school is exposed to a range of risks. The governors and Accounting Officer seek to minimise these risks, where possible. A risk register is maintained and reviewed at least termly by the Finance committee of the Governing Body, and mitigating measures are put in place by the Senior Leadership Team of the school, with oversight from the Governing Body. Further control of the financial risks is provided by the Accounting Officer and members of the Governing Body Finance Committee receive regular management accounts which contains analysis of actual and forecast income, expenditure and liquidity positions.

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. Within the Compass School Southwark, the Risk Register is reviewed at least three times per year by the Finance sub-committee of the Governing Body.

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

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Operational risk

These are associated with safeguarding and health and safety and 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. A policy review schedule exists to ensure that all policies are reviewed with an agreed frequency.

Performance risk

These are associated with educational standards and outcomes and are mitigated in some part by the recruitment of experienced and qualified staff. In addition, 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. Regular external reviews of the various aspects of the performance of the school are conducted to benchmark performance.

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 and Skills Funding Agency. The Governors and Principal recognise their responsibilities for the prevention and detection of fraud and other financial improprieties and address these with a comprehensive regime of financial controls, detailed examination of the accounts and using 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, along with a focus on staff welfare and wellbeing. 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 well in advance to meet the anticipated requirements of the school.

Fundraising

Compass Schools Trust does not use any professional fundraisers. Any fundraising initiative is monitored by the trustees.

PLANS FOR FUTURE PERIODS

The budget set for 2018/19 academic year has been agreed by the Trustees and a positive financial position is expected to be maintained under a five year plan. Details of plans for future periods are in the School Development Plan.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

No funds are held by the Compass Schools Trust on behalf of others.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

DISCLOSURE OF INFORMATION TO AUDITOR

In so far as the trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, was approved by order of the board of trustees, as the company directors and signed on the board's behalf by:



Douglas Lewis CBE
Chair of Trustees

Date: 17/12/2018

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

SCOPE OF RESPONSIBILITY

As trustees we acknowledge we have overall responsibility for ensuring that the 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 board of trustees 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 the Compass Schools Trust and the Secretary of State for Education. The Principal is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The **board of trustees** has formally met 3 times during the year.

Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Douglas Lewis CBE (Chair of Trust)	3	3
Leon De Costa (Chair of Governors)	3	3
Martin Deutz (Chair of Finance Committee)	2	3
Marcus Huntley (Principal and Accounting Officer)	3	3
Greg Rosen	3	3
Tom Lee (Chair of Standards Committee)	3	3
Ian Patterson	3	3
Amy Gandon (appointed 7 June 2016)	1	1
Peter Atherton (appointed 7 June 2016)	1	1
Tristram Jones-Parry (appointed September 2016)		

The Finance and Operations Committee is a sub-committee of the main board of trustees. Its purpose is to provide oversight of 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.

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

During the year Richard Cuevas and Grace Majumdar joined the committee and Mr de Costa resigned from it on his ceasing to be a governor. Mr Deutz ceased to be the Chair of the Committee on becoming Chair of Governors, and Mr Atherton assumed the role of Chair of the Committee.

Trustee	Meetings attended	Out of a possible
Douglas Lewis CBE (Chair of Trust)	4	4
Leon De Costa (Chair of Governors)	2	4
Martin Deutz (Chair of Finance Committee)	4	4
Marcus Huntley (Principal and Accounting Officer)	4	4
Peter Atherton	1	1

An annual self-audit of governance is carried out by the Chair of Governors. Based on the findings of this audit, additional governors have been appointed to the Governing Body to augment the capability of both the Standards and Finance sub-committees.

REVIEW OF VALUE FOR MONEY

As accounting officer, the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- **Ensuring efficient use of resources, including staff** As a small but growing school we have set a target of spending less than 75% of the overall revenue grant on staffing. This allows us to ensure that students are given the best opportunities to participate in curriculum enriching activities, while ensuring that we have an efficient staffing model. The spending in the year was 67%.
- **Avoiding waste and extravagance** The school has set a target to reduce its printing costs. To support this each department was allocated a printing budget. This raised the profile of the issue across the school, and has led to departments choosing to purchase textbooks in some cases, to replace printed materials.
- **Striving for value for money in all transactions** For every purchase order placed throughout the organisation, staff are required to assess value for money by benchmarking across 3 different suppliers.

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Compass Schools Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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

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

The board of trustees has considered the need for a specific internal audit function and retained MHA MacIntyre Hudson as internal auditor for the 2017-18 accounting year.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- Review all bank reconciliations to check these have been accurately completed, are authorised and contain no long standing items.
- Check all payroll printouts are authorised each month
- Check a sample bank payments are complete and authorised from order to delivery note to invoice and that these have been correctly recorded in the Nominal Ledger
- Check that contracts over £20,000 follow quotation/tender policy
- Review progress on implementation of previous management letter points
- Reviewing policies of the Academy.

The internal auditor reports to the board of trustees, through the Finance Committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The internal auditors undertook 3 audit visits during the year under review and 3 since the financial year-end.

In the opinion of the trustees no control issues arose which require disclosure in this report.

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 auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust 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 committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



Douglas Lewis CBE
Chair of Trustees

Date: 17/12/2018



Marcus Huntley
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2018**

As accounting officer of the Compass Schools Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



Marcus Huntley
Accounting officer

Date: 17/12/18

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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 Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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 ESFA/DfE have been applied for the purposes intended.

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

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



Douglas Lewis CBE
Chair of Trustees

Date: 17/12/2018

COMPASS SCHOOLS TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
COMPASS SCHOOLS TRUST**

OPINION

We have audited the financial statements of Compass Schools Trust (the 'academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
COMPASS SCHOOLS TRUST**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
COMPASS SCHOOLS TRUST**

concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

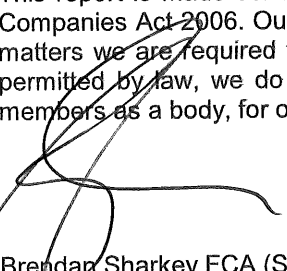
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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 opinions we have formed.



Brendan Sharkey FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

New Bridge Street House
30-34 New Bridge Street
London

EC4V 6BJ

Date:

21st December 2018

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Compass Schools Trust and the ESFA 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 ESFA, 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw 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 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;

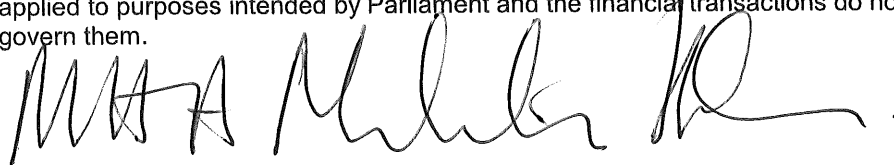
COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

- 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.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

MHA MacIntyre Hudson
Chartered Accountants

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: 21st December 2018

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	2,732	-	86,252	88,984	8,214
Charitable activities	5	-	3,867,951	-	3,867,951	3,284,238
Other trading activities	3	1,017	61,872	-	62,889	85,358
Investments	4	785	-	-	785	826
TOTAL INCOME		4,534	3,929,823	86,252	4,020,609	3,378,636
EXPENDITURE ON:						
Charitable activities		3,019	3,917,244	484,232	4,404,495	3,678,239
TOTAL EXPENDITURE	6	3,019	3,917,244	484,232	4,404,495	3,678,239
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	15	1,515	12,579	(397,980)	(383,886)	(299,603)
		-	(57,761)	57,761	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		1,515	(45,182)	(340,219)	(383,886)	(299,603)
Actuarial gains on defined benefit pension schemes	20	-	27,000	-	27,000	50,000
NET MOVEMENT IN FUNDS		1,515	(18,182)	(340,219)	(356,886)	(249,603)
RECONCILIATION OF FUNDS:						
Total funds brought forward		5,450	396,859	1,596,345	1,998,654	2,248,257
TOTAL FUNDS CARRIED FORWARD		6,965	378,677	1,256,126	1,641,768	1,998,654

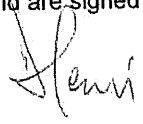
The notes on pages 24 to 45 form part of these financial statements.

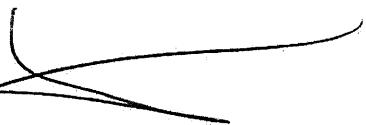
COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07644380

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		1,256,126		1,519,573
CURRENT ASSETS					
Debtors	13	316,777		184,634	
Cash at bank and in hand		1,072,875		784,437	
		<u>1,389,652</u>		<u>969,071</u>	
CREDITORS: amounts falling due within one year	14	(875,010)		(404,990)	
NET CURRENT ASSETS			514,642		564,081
TOTAL ASSETS LESS CURRENT LIABILITIES			1,770,768		2,083,654
Defined benefit pension scheme liability	20		<u>(129,000)</u>		<u>(85,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>1,641,768</u>		<u>1,998,654</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	15	507,677		481,859	
Restricted fixed asset funds	15	1,256,126		1,596,345	
Restricted income funds excluding pension liability		1,763,803		2,078,204	
Pension reserve		<u>(129,000)</u>		<u>(85,000)</u>	
Total restricted income funds			1,634,803		1,993,204
Unrestricted income funds	15		6,965		5,450
TOTAL FUNDS			<u>1,641,768</u>		<u>1,998,654</u>

The financial statements on pages 21 to 45 were approved by the Trustees, and authorised for issue, on 17/12/18 and are signed on their behalf, by:


Douglas Lewis CBE
Trustee


Marcus Huntley
Accounting Officer

The notes on pages 24 to 45 form part of these financial statements.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	As restated 2016 £
Cash flows from operating activities			
Net cash provided by operating activities	17	<u>422,186</u>	<u>97,233</u>
Cash flows from investing activities:			
Investment income		785	826
Purchase of tangible fixed assets		(220,785)	(63,242)
Capital grants received		<u>86,252</u>	<u>7,156</u>
Net cash used in investing activities		<u>(133,748)</u>	<u>(55,260)</u>
Change in cash and cash equivalents in the year		288,438	41,973
Cash and cash equivalents brought forward		<u>784,437</u>	<u>742,464</u>
Cash and cash equivalents carried forward	18	<u>1,072,875</u>	<u>784,437</u>

The notes on pages 24 to 45 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 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Compass Schools Trust is a company limited by guarantee, incorporated in England. The registered office is detailed on page 1. The principal activity is detailed in the Trustees Report.

The financial statements are prepared in £ sterling, the functional currency, rounded to the nearest £1.

Compass Schools Trust constitutes a public benefit entity as defined by FRS 102.

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

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions, there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income, until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations are recognised on a receivable basis where there are no performance related conditions receipt is probable and the amount can be reliably measured.

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

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, a transfer is made to reflect these assets in the restricted fixed asset fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture and fixtures	-	14% per annum on a straight line basis
Computer equipment	-	20% per annum on a straight line basis
Building improvements	-	20% per annum on a straight line basis

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 incorporating Income and Expenditure Account.

1.6 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.7 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.

1.8 Debtors

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.12 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.13 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education and Skills 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 2018

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The judgments that have had a significant effect on amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives of building improvements.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	2,732	-	-	2,732	1,058
Capital grants	-	-	86,252	86,252	7,156
Total 2018	2,732	-	86,252	88,984	8,214
Total 2017	1,058	-	7,156	8,214	

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Catering income	-	44,676	44,676	27,152
Trip income	-	4,872	4,872	5,499
Other income	1,017	12,324	13,341	52,707
Total 2018	1,017	61,872	62,889	85,358
Total 2017	776	84,582	85,358	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest receivable	785	-	785	826
Total 2017	826	-	826	

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	2,918,994	2,918,994	2,499,946
Pupil premium	-	241,656	241,656	193,416
Other ESFA / DfE grants	-	613,991	613,991	509,906
	-	3,774,641	3,774,641	3,203,268
Other government grants				
SEN income	-	93,310	93,310	80,970
	-	93,310	93,310	80,970
Total 2018	-	3,867,951	3,867,951	3,284,238
Total 2017	-	3,284,238	3,284,238	

There are no unfulfilled conditions or other contingencies attached to the government grants above.

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational operations:					
Direct costs	2,110,794	-	618,812	2,729,606	2,342,407
Support costs	477,990	67,977	1,128,922	1,674,889	1,335,832
Total 2018	2,588,784	67,977	1,747,734	4,404,495	3,678,239
Total 2017	2,164,967	316,076	1,197,196	3,678,239	

In 2018, the total expenditure of £4,404,495 (2017 - £3,678,239) comprised of £3,019 (2017 - £775) from unrestricted funds, £484,232 (2017 - £442,766) from restricted fixed asset funds and £3,917,244 (2017 - £3,234,698) from restricted funds.

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7. CHARITABLE EXPENDITURE

	Direct costs 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Charitable activities	<u>2,729,606</u>	<u>1,674,889</u>	<u>4,404,495</u>	<u>3,678,239</u>
Total 2017	<u>2,342,407</u>	<u>1,335,832</u>	<u>3,678,239</u>	

Analysis of support costs

	Educational operations £	Total 2018 £	Total 2017 £
Staff costs	340,375	340,375	256,261
Agency and other staff costs	137,615	137,615	159,871
Recruitment	41,226	41,226	14,365
Technology costs	39,106	39,106	35,543
Maintenance of premises and equipment	67,977	67,977	87,564
Rent	507,996	507,996	380,418
Insurance	15,154	15,154	26,591
Catering	207,563	207,563	154,011
Other support costs	240,159	240,159	133,275
Legal and professional services	10,413	10,413	31,277
Cleaning	49,992	49,992	39,299
Governance costs	17,313	17,313	17,357
	<u>1,674,889</u>	<u>1,674,889</u>	<u>1,335,832</u>
At 31 August 2017	<u>1,335,832</u>	<u>1,335,832</u>	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	484,232	442,766
Auditors' remuneration - audit	7,650	7,500
Auditors' remuneration - other services	6,275	9,157
Operating lease rentals	<u>507,996</u>	<u>380,418</u>

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NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,739,961	1,411,877
Social security costs	180,738	147,211
Pension costs	307,009	254,122
	<u>2,227,708</u>	<u>1,813,210</u>
Agency staff costs	353,869	351,757
Staff restructuring costs	7,207	-
	<u><u>2,588,784</u></u>	<u><u>2,164,967</u></u>

Staff restructuring costs comprise:

Redundancy payments	<u><u>7,207</u></u>	<u><u>-</u></u>
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Included in agency costs above are the costs of the Headteacher.

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	25	24
Administration and support	21	15
Management	8	4
	<u><u>54</u></u>	<u><u>43</u></u>

The above figures include the Headteacher, who is an agency staff member.

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	3	2
In the band £80,001 - £90,000	0	1
In the band £110,000 - £120,000	1	0

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9. STAFF COSTS (continued)

During the year ended 31 August 2018, all of the above employees participated in the Teachers' Pension Scheme (2017 - 3). Pension contributions for these staff members amounted to £50,445 (2017 - £36,309). The Headteacher who is paid through an agency is disclosed above as he is a full time employee.

d. Key management personnel

The Key Management Personnel of the Academy Trust comprise the Trustees and the Senior Management Team as listed on page 1.

The total amount of employee benefits (including employer pension contributions) received by Key Management Personnel received in the year to 31 August 2018 comprises:

- £584,361 received by the Senior Management Team for their services to the Academy Trust (2017 - £311,191); and
- Trustee remuneration (including employer pension contributions) received by staff trustees for their services to the Academy Trust as disclosed in note 10.

The Head teacher is a trustee and a member of the Senior Management Team.

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2018 £	2017 £
Marcus Huntley (appointed 1 September 2017)	Remuneration	110,000-115,000	-
	Pension contributions paid	15,000-20,000	-
Lauren Thorpe (resigned 31 August 2017)	Remuneration	-	85,000-90,000
	Pension contributions paid	-	10,000-15,000

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL).

11. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000 (2017 - £10,000,000). It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme. The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
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12. TANGIBLE FIXED ASSETS

	Building improvements £	Furniture and fixtures £	Computer equipment £	Total £
Cost				
At 1 September 2017	1,625,246	479,759	247,363	2,352,368
Additions	-	50,464	170,321	220,785
At 31 August 2018	1,625,246	530,223	417,684	2,573,153
Depreciation				
At 1 September 2017	487,573	189,582	155,640	832,795
Charge for the year	325,049	75,746	83,437	484,232
At 31 August 2018	812,622	265,328	239,077	1,317,027
Net book value				
At 31 August 2018	812,624	264,895	178,607	1,256,126
At 31 August 2017	1,137,673	290,177	91,723	1,519,573

Compass Schools Trust operates from rented premises. Included in building improvements are capital changes made to these facilities. These improvements have been depreciated over the expected tenancy of the Academy Trust.

13. DEBTORS

	2018 £	2017 £
Other debtors	64,629	42,056
Prepayments and accrued income	252,148	142,578
	316,777	184,634

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14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	280,016	276,188
Taxation and social security	46,336	50,374
Other creditors	356,578	21,183
Accruals and deferred income	192,080	57,245
	<u>875,010</u>	<u>404,990</u>
	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	-	13,047
Amounts released from previous years	-	(13,047)
	<u>-</u>	<u>-</u>
Deferred income at 31 August 2018	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	5,450	4,534	(3,019)	-	-	6,965
Restricted funds						
General Annual Grant (GAG)	5,008	2,918,994	(2,853,516)	-	-	70,486
Other DfE/ESFA Grants	395,535	855,647	(930,661)	(57,761)	-	262,760
Other restricted income	81,316	155,182	(62,067)	-	-	174,431
Pension reserve	(85,000)	-	(71,000)	-	27,000	(129,000)
	<u>396,859</u>	<u>3,929,823</u>	<u>(3,917,244)</u>	<u>(57,761)</u>	<u>27,000</u>	<u>378,677</u>
Restricted fixed asset funds						
Restricted fixed asset funds	1,596,345	86,252	(484,232)	57,761	-	1,256,126
Total restricted funds	<u>1,993,204</u>	<u>4,016,075</u>	<u>(4,401,476)</u>	<u>-</u>	<u>27,000</u>	<u>1,634,803</u>
Total of funds	<u>1,998,654</u>	<u>4,020,609</u>	<u>(4,404,495)</u>	<u>-</u>	<u>27,000</u>	<u>1,641,768</u>

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

Unrestricted funds are used at the discretion of the trustees on the charitable expenditure of the academy.

The General Annual Grant (GAG) represents the core funding for the educational activities of the academy, provided via the Education & Skills Funding Authority by the Department of Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy. 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 2018.

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes school trips, language classes income and other income received to cover costs in association with the activities.

The defined benefit pension reserve relates to the pension deficit arising on the LGPS pension scheme, and is the fund through which all pension scheme movements are recognised. The deficit is not payable immediately. There are plans in place to meet the deficit such that it is not a constraint on reserves.

The transfer of £57,761 from restricted funds to restricted fixed asset funds represents amounts capitalised during the year.

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NOTES TO THE FINANCIAL STATEMENTS
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15. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
General funds	3,565	2,660	(775)	-	-	5,450
Restricted funds						
General Annual Grant (GAG)	4,696	2,499,946	(2,332,085)	(167,549)	-	5,008
Other DfE/ESFA Grants	418,226	741,712	(764,403)	-	-	395,535
Other restricted income	20,364	127,162	(66,210)	-	-	81,316
Pension reserve	(63,000)	-	(72,000)	-	50,000	(85,000)
	<u>380,286</u>	<u>3,368,820</u>	<u>(3,234,698)</u>	<u>(167,549)</u>	<u>50,000</u>	<u>396,859</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	1,864,406	7,156	(442,766)	167,549	-	1,596,345
Total of funds	<u>2,248,257</u>	<u>3,378,636</u>	<u>(3,678,239)</u>	<u>-</u>	<u>50,000</u>	<u>1,998,654</u>

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	3,565	7,194	(3,794)	-	-	6,965
Restricted funds						
General Annual Grant (GAG)	4,696	5,418,940	(5,185,601)	(167,549)	-	70,486
Other DfE/ESFA Grants	418,226	1,597,359	(1,695,064)	(57,761)	-	262,760
Other restricted income	20,364	282,344	(128,277)	-	-	174,431
Pension reserve	(63,000)	-	(143,000)	-	77,000	(129,000)
	<u>380,286</u>	<u>7,298,643</u>	<u>(7,151,942)</u>	<u>(225,310)</u>	<u>77,000</u>	<u>378,677</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	1,864,406	93,408	(926,998)	225,310	-	1,256,126
Total Restricted funds	<u>2,244,692</u>	<u>7,392,051</u>	<u>(8,078,940)</u>	<u>-</u>	<u>77,000</u>	<u>1,634,803</u>
Total of funds	<u><u>2,248,257</u></u>	<u><u>7,399,245</u></u>	<u><u>(8,082,734)</u></u>	<u><u>-</u></u>	<u><u>77,000</u></u>	<u><u>1,641,768</u></u>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	1,256,126	1,256,126
Current assets	6,965	1,382,687	-	1,389,652
Creditors due within one year	-	(875,010)	-	(875,010)
Pension reserve	-	(129,000)	-	(129,000)
Total	<u><u>6,965</u></u>	<u><u>378,677</u></u>	<u><u>1,256,126</u></u>	<u><u>1,641,768</u></u>

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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £	2017 £	2017 £	2017 £
Tangible fixed assets	-	-	1,519,573	1,519,573
Current assets	5,450	886,849	76,772	969,071
Creditors due within one year	-	(404,990)	-	(404,990)
Pension reserve	-	(85,000)	-	(85,000)
Total	5,450	396,859	1,596,345	1,998,654

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(383,886)	(299,603)
Adjustment for:		
Depreciation charges	484,232	442,766
Investment income	(785)	(826)
(Increase)/decrease in debtors	(132,143)	40,137
Increase/(decrease) in creditors	470,020	(150,085)
Capital grants from DfE and other capital income	(86,252)	(7,156)
Defined benefit pension scheme	71,000	72,000
Net cash provided by operating activities	422,186	97,233

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,072,875	784,437
Total	1,072,875	784,437

NOTES TO THE FINANCIAL STATEMENTS
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19. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The financial statements of the academy include £3,046 (2017 - £675) paid to Judicium Education Group Limited, in respect of the reimbursement of services commissioned by the company on behalf of the Academy. Leon Da Costa, a trustee of the school, is a director of Judicium Education Group Limited.

No other related party transactions took place in the year of account other than those disclosed in note 10.

20. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge

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20. PENSION COMMITMENTS (continued)

- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £178,000 (2017 - £153,000).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The Academy trust 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 2018 was £79,000 (2017 - £43,000), of which employer's contributions totalled £58,000 (2017 - £29,000) and employees' contributions totalled £21,000 (2017 - £14,000). The agreed contribution rates for future years are 35% 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.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.50 %	3.40 %
Rate of increase in pensions	2.00 %	1.90 %

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

	2018	2017
Retiring today		
Males	22.5	22.5
Females	26.2	26.1
Retiring in 20 years		
Males	24.2	24.1
Females	28.0	27.9

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20. PENSION COMMITMENTS (continued)

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate -0.1%	9,000	6,000
Mortality assumption - 1 year increase	(10,000)	(6,000)
Pension increase rate +0.1%	7,000	5,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	133,000	68,000
Corporate bonds	16,000	9,000
Property	35,000	19,000
Cash and other liquid assets	1,000	-
Government bonds	20,000	11,000
Other	-	10,000
Total market value of assets	205,000	117,000

The actual return on scheme assets was £12,000 (2017 - £9,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £	2017 £
Current service cost	(128,000)	(100,000)
Interest income	4,000	2,000
Interest cost	(5,000)	(3,000)
Total	(129,000)	(101,000)

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20. PENSION COMMITMENTS (continued)

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

	2018	2017
	£	£
Opening defined benefit obligation	202,000	130,000
Current service cost	128,000	100,000
Interest cost	5,000	3,000
Employee contributions	21,000	14,000
Actuarial gains	(19,000)	(43,000)
Benefits paid	(3,000)	(2,000)
Closing defined benefit obligation	334,000	202,000

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

	2018	2017
	£	£
Opening fair value of scheme assets	117,000	67,000
Interest income	4,000	2,000
Actuarial gains	8,000	7,000
Employer contributions	58,000	29,000
Employee contributions	21,000	14,000
Benefits paid	(3,000)	(2,000)
Closing fair value of scheme assets	205,000	117,000

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NOTES TO THE FINANCIAL STATEMENTS
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21. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	512,700	512,700
Between 1 and 5 years	1,538,102	2,050,802
Total	<u>2,050,802</u>	<u>2,563,502</u>

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 £10 for the debts and liabilities contracted before he/she ceases to be a member.