

Company Registration No. 10360957 (England and Wales)

**THE COMPASS PARTNERSHIP OF SCHOOLS
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' STRATEGIC REPORT AND AUDITED FINANCIAL
STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

THE COMPASS PARTNERSHIP OF SCHOOLS

CONTENTS

	Page
Reference and administrative details	1 - 2
Directors' report	3 - 12
Governance statement	13 - 14
Statement on regularity, propriety and compliance	15
Statement of Directors' responsibilities	16
Independent auditor's report on the financial statements	17 - 19
Independent reporting accountant's report on regularity	20 - 21
Statement of financial activities including income and expenditure account	22
Balance sheet	23
Statement of cash flows	24
Notes to the financial statements including accounting policies	25 - 44

THE COMPASS PARTNERSHIP OF SCHOOLS

REFERENCE AND ADMINISTRATIVE DETAILS

Directors

M Bernard (Appointed 6 September 2016)
J Camp (Accounting Officer) (Appointed 6 September 2016)
H Lewis (Appointed 6 September 2016)
J Mackenzie- Blackman (Appointed 1 September 2017)
J MacLeod (Appointed 6 September 2016)
R Morgan (Appointed 6 September 2016)
L Perks (Appointed 6 September 2016)
O Ralston (Appointed 6 September 2016)
C Rea (Appointed 6 September 2016)
S Skidmore (Appointed 6 September 2016)
V Watson (Appointed 6 September 2016)
M Whitehead (Chair) (Appointed 6 September 2016)

Members

M Whitehead
N Fitzgerald
A Brooks- Johnson
D Mbatha
F Aubrey- Smith

Senior leadership team

J Camp	- CEO
S Powell	- Executive Headteacher
J Gordon	- Executive Headteacher
M Bernard	- Executive Headteacher

Company registration number

10360957 (England and Wales)

Registered office

c/o Willow Dene School
Swingate Lane
Plumstead
London
SE18 2JD

Academies operated

Alderwood Primary School
Deansfield Primary School
Halstow Primary School
Horn Park Primary School
South Rise Primary School
Willow Dene School
Compass Partnership of Schools

Location

Greenwich
Greenwich
Greenwich
Greenwich
Greenwich
Greenwich
Greenwich

Head

K Cutajar and N Tilley
J Blyth
T Gray
H Robinson
H Brown
R Harrison and C Vagg
J Camp

Independent auditor

Wilkins Kennedy
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

THE COMPASS PARTNERSHIP OF SCHOOLS

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds bank
39 Threadneedle Street
London
EC2R 8AU

Solicitors

Legal Services Royal Borough of Greenwich
The Woolwich Centre - 4th Floor
35 Wellington Street
Woolwich
SE18 6HQ

THE COMPASS PARTNERSHIP OF SCHOOLS

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2017

The Directors present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 6 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates five primary schools for children aged 4 -11 and one special school for children aged 2 - 16. The schools are situated in the area of Greenwich. Please see below for pupil capacity:

Alderwood (1FE):
Capacity of School: 210
Number on Roll: 192
Number on roll of onsite Nursery: 24

Deansfield (2FE):
Capacity of School: 420
Number on Roll: 388
Number on roll of onsite Nursery: 70

Halstow (2FE):
Capacity of School: 420
Number on Roll: 405

Horn Park (2FE):
Capacity of School: 420
Number on Roll: 386
Number on roll of onsite Nursery: 24

South Rise (3FE):
Capacity of School: 630
Number on Roll: 615
Number on roll of onsite Nursery: 77

Willow Dene:
Capacity of School: 220
Number on Roll: 210
Number on roll of onsite Nursery: 7

Structure, governance and management

Constitution

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

The Directors are the trustees of The Compass Partnership of Schools and are also the directors of the charitable company for the purposes of company law. Details of the Directors who served during the period are included in the Reference and Administrative Details on page 1.

The Compass Partnership of Schools was incorporated on 6th September 2016 and is made up of six schools. All schools have kept their original names, and obtained academy status from 1st July 2017. The Trust is also in partnership Wingfield Primary School. Wingfield Primary School has received its academy order and will join the Trust during the academic year 2017 – 2018.

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.

THE COMPASS PARTNERSHIP OF SCHOOLS

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

Method of recruitment and appointment or election of Directors

The members of the multi-academy trust shall comprise the signatories to the Memorandum, the chairman of the Directors, and any person appointed under Article 16.

The number of Directors shall be not less than 3, but shall not be subject to a maximum. Members will be appointed by the Directors except for the CEO who will have de facto membership.

Each Trust school shall have its own local governing body. The LGB composition can vary between schools, but the intention is to have each LGB comprising of no more than 13 members. For an LGB with 13 members, the composition is as follows:

- 2 elected parent governors
- 1 staff governor
- Head Teacher
- Executive Head Teacher
- 6 co-opted governor
- up to 2 board appointed governors (appointed for the skills they can bring contribute to the effective governance and success of the academy)

The first Directors of The Compass Partnership of Schools shall be those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006.

Each of the persons entitled to appoint members above shall have the right, from time to time by written notice delivered to the Office, to remove any Member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

The term of office for any Director or Member shall be 4 years, save that this time limit shall not apply to the Executive Headteacher or Chief Executive Officer subject to remaining eligible to be a particular type of Director, any Director or member may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Directors

During the period under review the Trust Board of Directors held no full Directors meetings other than a whole board training session focused on key roles and accountabilities of trustees. The training and induction provided for new Directors was designed and delivered by Browne and Jacobson and will be followed up by two additional training sessions that will continue to strengthen skills and knowledge throughout the year and support trustees in their new roles as part of a new organisation. All new Directors know the schools very well and have met with staff and students. All relevant Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. The board is currently developing an induction programme for new trustees.

THE COMPASS PARTNERSHIP OF SCHOOLS

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

Organisational structure

The structure consists of four management levels: The Compass Partnership of Schools Directors Board, The Executive Leadership Team, the Local Governing Body and the individual School Leadership Teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. This structure sits within an overall framework of principles that ensures core functions are standardised whilst a degree of school autonomy and individual character is maintained so that local solutions to local issues can be quickly developed and have immediate impact. The current management structure is the outcome of an evolutionary process that took place over the 6 years the partnership developed as a maintained group of schools.

The Compass Partnership of Schools' Directors Board are responsible for setting general policy, adopting an annual plan, budget monitoring by the use of budget reports, and for making major decisions about the direction of The Compass Partnership of Schools', capital expenditure, and senior staff appointments.

The School Leadership Team consists of the Headteacher/Head of School, Deputy Heads, Assistant Heads of School. These leaders control the school at school level, implementing the policies laid down by themselves, the local governing body, the Executive Team or The Compass Partnership of Schools Directors' Board. As a group, the Senior Leadership Team is responsible for the authorisation of spending within agreed budgets, and the appointment of non-senior staff. Appointments of senior leader posts will require Director's authorisation.

Arrangements for setting pay and remuneration of key management personnel

The setting of the pay and remuneration for the Chief Executive Officer is devolved from the Compass Directors Board to a panel responsible for CEO performance management. The pay of the CEO is set within the limits outlined in the National Teachers Pay and Conditions document. This process is externally facilitated and validated to ensure it is robust and challenging.

The pay and remuneration of the Executive Team below CEO level is set by the Trustees and is aligned with Greenwich local authority pay and conditions and the National Teachers Pay and Conditions Document. This process is externally facilitated and validated to ensure it is robust and challenging.

Head Teacher pay within all Trust schools is set using the formula within the pay and conditions document, applicable at the time of appointment. A panel consisting of members of the Executive Team and the Local Governing Body will set the exact pay within the pay range identified within the pay and conditions document.

No leader in The Compass Partnership of Schools' is paid more than 25% above the leadership scale, in line with national recommendations – including the CEO. Current pay levels have been inherited on conversion from maintained school status and there has been no pay progression for senior staff since the group became a multi academy trust.

THE COMPASS PARTNERSHIP OF SCHOOLS

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

Objectives and activities

Objects and aims

Principal activities

The principal activity of the multi-academy trust is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools and settings offering a broad and balanced curriculum.

The Mission

The Compass Partnership of Schools is fully inclusive and committed to achieving high quality educational outcomes for all of our children. Through the provision of rich and meaningful curricula, which place a strong emphasis on the arts and sport, we develop a love of learning and the motivation to succeed. We know that school is just one element of our children's experience, and work alongside our families and community to foster a sense of moral and social responsibility. Our curricula focus on providing experiences that encourage our children to become curious, enthusiastic, resilient and confident learners, enabling them to change the world for the better.

This will drive the ultimate aim:

To Improve the Educational Outcomes for Children in Primary Education.

Objectives, strategies and activities

The Compass Multi-Academy Trust developed from the original group of 7 maintained schools under the executive leadership of the new CEO. It is a highly successful partnership of schools that has grown over the past five years as a response to the local authority school improvement strategy. We are a forward thinking, innovative and creative school group, committed to achieving excellence within meaningful and empowering contexts for learning. Fundamental to our ethos is an understanding that the way we organise our schools for learning is key to educating children for the world we would wish to see them develop and thrive in. We are '**growth mindset**' organisations, and we champion the message that '**everyone can**'.

As a multi-academy trust, The Compass Partnership of Schools aims to retain its identity as a group, as well as to protect the unique characters of each of our schools. We firmly believe that collaboration should not equate to 'sameness'. We celebrate diversity in all its forms, and while there are some very clear consistencies across our schools, these do not undermine their individuality. We are clear that we need to be unwavering about the right things, quality and integrity.

As the Trust evolves and expands, we aim to ensure that our Constitution and Articles frame our collective aspirations for the future of our schools, while centring them at the heart of their communities. We aim to be a local group of schools that develops local hubs in other locations - an integral part of education provision across Greenwich and beyond.

The Compass Partnership of Schools will stand for partnership, excellence and opportunity. We aim to shape the world by empowering children to make it a more just, equitable and sustainable place for future generations to prosper in.

The Compass Partnership of Schools is passionate about securing the highest standards of provision and achievement for all children. We are committed to achieving this by creating a fully inclusive environment that actively promotes social justice and equality, thereby empowering disadvantaged communities. We provide this through the creation of cognitively challenging contexts for learning that develop children's desire to learn. We believe that by encouraging children to become agents of their own learning, they are empowered to become autonomous and independent, and to respond to challenges. This in turn enables them to grow into responsible citizens who are able to contribute to today's society in a way that maximises their strengths and individual characters.

THE COMPASS PARTNERSHIP OF SCHOOLS

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

Objectives, strategies and activities

As a group of schools, we develop ambitious, challenging and creative curricula that enable all children to flourish socially, spiritually, culturally, emotionally and academically. Whilst high academic attainment is important for all children's life chances, we also believe in the importance of providing a rich experience of the arts and physical development.

The Compass Partnership of Schools is committed to the very highest professional standards. We value individuality and promote the unique ethos of each school, firmly at the heart of its community. Through collaboration, we seek to build on the strengths that exist within each school so that our collective intellectual capital benefits our broader Compass community.

The Trust Commitments

- Commitment to achieving the highest standards of inclusive provision and outcomes for all children.
- Commitment to the aims, values and ethos of the Trust.
- Commitment to the Articles, Scheme of Delegation and financial contribution (through the top-slice agreement) of the Trust.
- Commitment to the Compass Principles and to collaborative developments in pedagogy and curricula.
- Commitment to all jointly-agreed operating policies and procedures.
- Commitment to all Trust branding agreements to ensure consistency across the Trust, whilst protecting individuality and school identity.
- Commitment to locally-focused admissions criteria and nationally agreed procedures for children who are hard to place – Fair Access Protocols.
- Commitment to working in partnership with parents, carers and the local community, to ensure schools are responsive to their aspirations for their children.
- Commitment to promoting the strengths of the Trust and the benefits of collaborative development, working across the group for the good of the whole.
- Commitment to sharing staff expertise, responding to the needs of the Trust, and jointly finding solutions.
- Commitment to working with schools beyond our immediate partnership.
- Commitment to teacher and support staff pay and conditions, and to professional learning for all.
- Commitment to respecting the environment and to developing green, sustainable ways of working.

Externally validated school reviews evaluate the extent to which principles are embedded and impacting positively on provision and outcomes for all pupils.

Public benefit

The Directors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

The Trust adopts the admission policies of the Local Authority in which it works.

THE COMPASS PARTNERSHIP OF SCHOOLS

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

Pupils enter the schools from a wide range of social, cultural and economic backgrounds. The schools pride themselves on being inclusive.

See below for the percentage of pupils eligible for free school meals, from ethnic minority backgrounds and on the Special Educational Needs register for each school:

Alderwood

31.55% of pupils eligible for Free Schools Meals
49.73% of pupils from ethnic minority backgrounds
36.89% of children on SEN register

Deansfield

28.5% of pupils from ethnic minority backgrounds
4% of pupils eligible for FSM
11% of children on SEN register

Halstow

4.9% of pupils eligible for Free Schools Meals
50.6% of pupils from ethnic minority backgrounds
10% of children on SEN register

Horn Park

27% of pupils eligible for Free Schools Meals
22% of pupils from ethnic minority backgrounds
14% of children on SEN register

South Rise

22% of pupils eligible for Free Schools Meals
87% of pupils from ethnic minority backgrounds
17% of children on SEN register

Willow Dene

25% of pupils eligible for Free Schools Meals
74% of pupils from ethnic minority backgrounds
100% of children on SEN register

To ensure that standards are continually raised the schools operate a programme of internal and external reviews of curriculum areas and have an external quality assurance review provided by our Local Authority Improvement Partner.

The individual academies within the Compass Partnership of Schools are judged by OfSTED as follows:

- **Alderwood** as 'Requires Improvement with Good leadership and Behaviour'
- **Deansfield** as 'Outstanding'
- **Halstow** as 'Outstanding'
- **South Rise** as 'Good with Outstanding Leadership'
- **Willow Dene** as 'Good with Outstanding behaviour'
- **Horn Park** as 'Good'

THE COMPASS PARTNERSHIP OF SCHOOLS

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

The Compass Partnership of Schools' Internal monitoring systems and external validation judged the schools currently as:

- Alderwood as a Category 2 School – OfSTED equivalent of 'Good'
- Deansfield as a Category 1 School – OfSTED equivalent of 'Outstanding'
- Halstow as a Category 1 School – OfSTED equivalent of 'Outstanding'
- South Rise as a Category 1 School – OfSTED equivalent of 'Outstanding'
- Willow Dene as a Category 1 School – OfSTED equivalent of 'Outstanding'
- Horn Park as a Category 2 School – OfSTED equivalent of 'Good'

	Measure	Nat	Alderwood		Deansfield		Halstow		Horn Park		South Rise	
			All	disadvantage	All	disadvantage	All	disadvantage	All	disadvantage	All	disadvantage
R,W,M	Expected Standard	61%	65%	50%	75%	67%	89%	71%	80%	87%	77%	76%
	Higher Standard	9%	3%	0%	10%	7%	23%	0%	9%	3%	13%	4%
Reading	Progress	0	-2.32	-3.36	-3.47	-2.35	0.32	-3.92	0.25	0.83	2.05	2.26
	Scaled Core	104.1	102	98.6	104.25	101.4	109.83	106.8	106.72	107.7	108.07	107.5
	Expected Standard	71.4%	64.5%	50%	78.3%	73.3%	90.9%	71.4%	83.6%	91.9%	90%	89%
	High Scaled Score	24.5%	12.9%	6%	15%	7%	45.5%	0%	40%	43%	35.6%	26%
Maths	Progress	0	-2.37	-3.71	-0.64	0.35	-1.00	-3.74	-1.31	-1.07	0.14	-0.19
	Scaled Score	104.2	103.25	99.6	107.05	104.2	108.17	107.8	105.4	105.7	106.5	105.4
	Expected Standard	74.8%	74.2%	56.3%	91.7%	86.7%	88.6%	71.4%	87.3%	94.6%	84.4%	87%
	High Scaled Score	22.6%	9.7%	0%	36.7%	13%	40.9%	14%	21.8%	19%	34.4%	22%
Writing	Progress	0	-0.35	-1.64	0.26	0.39	0.38	-3.86	-0.60	-0.54	-0.37	-0.01
	Expected Standard	76.3%	74.2%	62.5%	90%	80%	88.6%	71.4%	83.6%	89.2%	83.3%	82.6%
	Greater depth	17.7%	16.1%	0%	30%	13%	50%	14%	21.8%	14%	27.8%	22%
GPS	Scaled Score	106.0	105.28	101.5	106.54	103.7	109.62	109.0	108.87	109.4	109.62	108.5
	Expected Standard	76.9%	71%	50%	90%	80%	88.6%	71.4%	85.5%	89.2%	91.1%	89.1%
	High Scaled Score	30.9%	19.4%	0%	28.3%	13%	45.5%	29%	47.3%	49%	48.9%	41%
Science	Expected Standard	81.7%	77.4%	69%	88.3%	80%	88.6%	57%	98.2%	97%	87.8%	89%

THE COMPASS PARTNERSHIP OF SCHOOLS

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

Key performance indicators

The main KPI is the Ofsted Framework for Inspection. Inspectors must judge the quality of education provided in the school. This is the overarching judgement.

In order to make a judgement about the quality of education provided in the school, inspectors must first make four key judgements. These are:

- the achievement of pupils at the school
- the quality of teaching in the school
- the behaviour and safety of pupils at the school
- the quality of leadership in and management of the school

In addition, inspectors must also consider:

- the spiritual, moral, social and cultural development of pupils at the school
- the extent to which the education provided by the school meets the needs of the range of pupils at the school, and in particular the needs of:
 - pupils who have a disability for the purposes of the Equality Act 2010
 - pupils who have special educational needs.

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Multi Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Directors 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

Most of the Academy's income is obtained from the Education, Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2017, total expenditure of £9,233 was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the period (excluding pension deficit on conversion, restricted fixed asset funds and transfers to restricted fixed asset funds) was £155k.

At 31 August 2017 the net book value of fixed assets was £193k. Movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Local Government pension scheme, in which the Academy participates, showed a deficit of £7,773k as at 31 August 2017.

THE COMPASS PARTNERSHIP OF SCHOOLS

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

Reserves policy

The Directors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be equivalent to four weeks' expenditure, approximately £600k.

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of unrestricted reserves of £984k (total funds less the amount held in fixed assets and restricted funds).

The Directors expect the excess in reserves to decrease over the coming years.

The Academy held fund balances at 31 August 2017 of £(5,741)k comprising £(6,725)k of restricted funds and £984k of unrestricted general funds. Of the restricted funds, £193k is represented by tangible fixed assets and £135k of restricted grants left to spend. The Pension reserve which is considered part of restricted funds was £7,773k in deficit.

Investment policy and powers

Under the Memorandum and Articles of Association, the Academy has the power to invest funds not immediately required for its own purposes, in any way the Directors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Principal risks and uncertainties

The principal risks to The Compass Partnership of Schools are:

1. Failure to achieve the highest quality standards for children. In order to mitigate this risk Directors ensure high quality recruitment and performance management of all senior staff. All systems and processes are focussed on school improvement, there is a rigorous monitoring and accountability system focussing on children's outcomes.
2. Failure to use funds effectively. Financial management processes are being re-defined to ensure there is clarity over financial accountability which ensures principles of best value, transparency of information and a focus on core work.
3. The increase in portfolio means the trust has to ensure greater level of central compliance. The trust is putting in place a range of both internal and external systems to ensure compliance with statutory and industry specific guidelines.

The Compass Partnership of Schools has a risk register that lists the key risks and discusses mitigating factors. This is reviewed on a termly basis both in terms of ensuring that the mitigating factors are still relevant and whether any of the action plans need reviewing.

Risk management

The Directors have assessed the major risks to which the Multi Academy Trust is exposed, in particular those relating to specific teaching, provision of facilities and other operational areas of the trust and its finances. The Directors have implemented a number of systems to assess risks that each school faces, especially in operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors to maintain strict safeguarding protocols and manage risk. Any prospective school joining the trust has a full due diligence review to minimise any future risk to the organisation. Where there is significant financial risk the trust has ensured there is adequate insurance cover. The Compass Partnership of Schools has an effective system of internal control as described in the MAT Financial Procedures.

THE COMPASS PARTNERSHIP OF SCHOOLS

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

Financial and risk management objectives and policies

The financial risks to which the multi-academy trust is exposed to relate primarily to:

1. Change in government and legislation
2. Potential of reduced funding and cash flow
3. Reduction in student numbers

A risk also arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £7,773k.

Plans for future periods

The Trust will continue striving to improve the levels of performance of its pupils at all levels and will continue its efforts to ensure its students are fully prepared for the next steps in their school life. At Board level the Trust will work with local authorities, the Department for Education, and individual schools to grow the number of schools at a manageable rate and around our hub model. The hub model allows for meaningful collaboration within a geographical locality and ensures progress is sustained in all schools.

The schools know their strengths and weaknesses based on continual self-assessment. External validation through an annual programme of review- is well used to formulate developments. The School Development Plan is succinct and well-focussed on key developmental areas and sits within the wider Trust Three Year Strategic Plan.

Subject areas that are underperforming are challenged and supported so that improvements are made. Colleagues that require support to improve their own professional practice are similarly challenged and supported. Interventions for pupils are thorough, although these are being modified to focus even more clearly of key strategic areas for improvement.

The Compass Partnership of Schools' is committed to the continual professional learning of all groups of staff. We have an extensive programme of in-house development programmes and support staff at all levels with career progression and learning. We are committed to the highest standards of professional learning as we know it is this that makes a difference to pupil engagement and outcomes.

Auditor

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors 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 Directors' report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 24 November 2017 and signed on its behalf by:

J Camp
Accounting Officer

M Whitehead
Chair

THE COMPASS PARTNERSHIP OF SCHOOLS

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2017

Scope of responsibility

As Directors we acknowledge we have overall responsibility for ensuring that The Compass Partnership Of Schools 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 Directors has delegated the day-to-day responsibility to the Chief Financial Officer, 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 Partnership Of Schools and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has not met formally during the period 1st July – 31st August 2017.

Review of value for money

As accounting officer the Chief Financial Officer has responsibility for ensuring that the Multi 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 directors where value for money can be improved, including the use of benchmarking data where available.

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 Multi 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 Partnership Of Schools for the period 6 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Directors has reviewed the key risks to which the Multi Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi Academy Trust's significant risks that has been in place for the period 6 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Directors.

THE COMPASS PARTNERSHIP OF SCHOOLS

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

The risk and control framework

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint a Responsible Officer. However, the Directors will appoint an internal audit function at the next Trustees Meeting. The role includes giving advice on financial matters and performing a range of checks on the Multi Academy Trust's financial systems.

Review of effectiveness

As accounting officer the Chief Financial Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditor;
- the financial management and governance self-assessment process [if relevant];
- the work of the executive managers within the Multi 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 [if relevant] and ensure continuous improvement of the system is in place.

Approved by order of the Board of Directors on 24 November 2017 and signed on its behalf by:

J Camp
Accounting Officer

M Whitehead
Chair

THE COMPASS PARTNERSHIP OF SCHOOLS

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE PERIOD ENDED 31 AUGUST 2017

As accounting officer of The Compass Partnership of Schools I have considered my responsibility to notify the Multi Academy Trust Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Multi 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 2016.

I confirm that I and the Multi Academy Trust's Board of Directors are able to identify any material irregular or improper use of funds by the Multi Academy Trust, or material non-compliance with the terms and conditions of funding under the Multi Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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 Directors and ESFA.

J Camp
Accounting Officer

24 November 2017

THE COMPASS PARTNERSHIP OF SCHOOLS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE PERIOD ENDED 31 AUGUST 2017

The directors (who also act as trustees for The Compass Partnership of Schools) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors 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 Directors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The Directors 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 Board of Directors on 24 November 2017 and signed on its behalf by:

J Camp
Accounting Officer

M Whitehead
Chair

THE COMPASS PARTNERSHIP OF SCHOOLS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMPASS PARTNERSHIP OF SCHOOLS

Opinion

We have audited the financial statements of The Compass Partnership of Schools (the 'Academy Trust') for the period ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Multi Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Emphasis of Matter – no valuation available for Land and Buildings

No audit evidence was available to us with regard to the value of the Academy's land and buildings. This information has been requested from the ESFA but had not been received for the year end to which these financial statements relate. Owing to the lack of information provided by the ESFA that would normally be available to an academy, we are unable to obtain sufficient appropriate audit evidence regarding the value of the land and buildings and thus no value has been included within these financial statements.

Our audit report has not been qualified in this respect.

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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Multi Academy Trust's 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.

THE COMPASS PARTNERSHIP OF SCHOOLS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMPASS PARTNERSHIP OF SCHOOLS (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report including the incorporated strategic report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Multi Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report, including the incorporated 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors 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 Directors 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 Directors are responsible for assessing the Multi Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Academy Trust, or have no realistic alternative but to do so.

THE COMPASS PARTNERSHIP OF SCHOOLS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMPASS PARTNERSHIP OF SCHOOLS (CONTINUED)

Auditor's responsibilities for the audit of the accounts

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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Michelle Wilkes (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy

.....

Statutory Auditor
Chartered Accountants

Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

THE COMPASS PARTNERSHIP OF SCHOOLS

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE COMPASS PARTNERSHIP OF SCHOOLS AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 11 May 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Compass Partnership of Schools during the period 6 September 2016 to 31 August 2017 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 The Compass Partnership of Schools and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Compass Partnership of Schools and 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 The Compass Partnership of Schools and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Compass Partnership of Schools's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Compass Partnership of Schools's funding agreement with the Secretary of State for Education dated 28 June 2017 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 6 September 2016 to 31 August 2017 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 2016 to 2017 issued by 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 Multi Academy Trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

THE COMPASS PARTNERSHIP OF SCHOOLS

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE COMPASS PARTNERSHIP OF SCHOOLS AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 6 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Wilkins Kennedy
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Dated: 14 December 2017

THE COMPASS PARTNERSHIP OF SCHOOLS

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General	Fixed asset £'000	Total 2017 2 months £'000
Income and endowments from:					
Donations and capital grants	3	16	6	720	742
Charitable activities:					
- Funding for educational operations	4	-	3,267	-	3,267
Other trading activities	5	40	-	-	40
Total income and endowments		<u>56</u>	<u>3,273</u>	<u>720</u>	<u>4,049</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	31	3,453	56	3,540
Charitable expenditure - transfer from local authority on conversion	24	(1,039)	6,972	(240)	5,693
Total expenditure	6	<u>(1,008)</u>	<u>10,425</u>	<u>(184)</u>	<u>9,233</u>
Net income/(expenditure)		1,064	(7,152)	904	(5,184)
Transfers between funds		(80)	71	9	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	17	-	(557)	-	(557)
Net movement in funds		984	(7,638)	913	(5,741)
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		<u>984</u>	<u>(7,638)</u>	<u>913</u>	<u>(5,741)</u>

THE COMPASS PARTNERSHIP OF SCHOOLS

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £'000	£'000
Fixed assets			
Tangible assets	11		193
Current assets			
Debtors	12	1,435	
Cash at bank and in hand		1,861	
		<u>3,296</u>	
Current liabilities			
Creditors: amounts falling due within one year	13	(1,457)	
		<u></u>	
Net current assets			1,839
			<u></u>
Net assets excluding pension liability			2,032
Defined benefit pension liability	17		(7,773)
			<u></u>
Net assets			(5,741)
			<u></u>
Funds of the Multi Academy Trust:			
Restricted funds	15		
- Fixed asset funds			913
- Restricted income funds			135
- Pension reserve			(7,773)
			<u></u>
Total restricted funds			(6,725)
Unrestricted income funds	15		984
			<u></u>
Total funds			(5,741)
			<u></u>

The financial statements set out on pages 22 to 44 were approved by the Board of Directors and authorised for issue on 24 November 2017 and are signed on its behalf by:

J Camp
Accounting Officer

M Whitehead
Chair
Company Number 10360957

THE COMPASS PARTNERSHIP OF SCHOOLS

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 AUGUST 2017

	Notes	2017 £'000	2 months £'000
Cash flows from operating activities			
Net cash provided by operating activities	18		111
Cash funds transferred on conversion			1,039
			<u>1,150</u>
Cash flows from investing activities			
Capital grants from DfE and ESFA		720	
Payments to acquire tangible fixed assets		(9)	
		<u>711</u>	
			<u>711</u>
Change in cash and cash equivalents in the reporting period			1,861
Cash and cash equivalents at 6 September 2016			-
Cash and cash equivalents at 31 August 2017			<u><u>1,861</u></u>

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 AUGUST 2017

1 Accounting policies

The Compass Partnership of Schools is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Directors' report.

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

1.1 Basis of preparation

The financial statements of the Multi 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 financial statements 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Compass Partnership of Schools meets the definition of a public benefit entity under FRS 102.

These financial statements have been prepared for the period 6 September 2016 to 31 August 2017 which is a period of less than twelve months. Academy trusts are required by the Education Funding Agency to report annually to 31 August and the Multi Academy Trust is not permitted under the Companies Act 2006 to extend its accounting reference date to more than eighteen months but it may shorten it.

1.2 Going concern

The Directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Directors 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 Multi Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Multi 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.

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the schools listed on page 1 to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Charitable activities – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds and restricted fixed asset funds. Further details of the transaction are set out in note 24.

1.4 Income

All incoming resources are recognised when the Multi Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 in the period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the Multi Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Multi Academy Trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Multi Academy Trust's accounting policies.

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Multi Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the Multi Academy Trust's educational operations, including support costs and costs relating to the governance of the Multi Academy Trust apportioned to charitable activities.

Governance costs

These include the costs attributable to the Multi Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, Directors' meetings and reimbursed expenses.

1.6 Tangible fixed assets and depreciation

Assets costing more than £250 for an individual item or £5,000 for a group of items are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer equipment	33% straight line
Fixtures, fittings & equipment	20 % straight line
Motor vehicles	20% straight line

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.

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.7 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Multi Academy Trust 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.

1.8 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.9 Financial instruments

The Multi Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Multi Academy Trust 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. 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 cost. 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 instrument.

1.10 Taxation

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

1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Multi Academy Trust 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 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

The LGPS is a funded scheme and the assets are held separately from those of the Multi 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 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.

1.12 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Multi Academy Trust at the discretion of the Directors.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The Multi 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, 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 2017. 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 judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
Capital grants	-	720	720
Other donations	16	6	22
	<u>16</u>	<u>726</u>	<u>742</u>

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

4 Funding for the Multi Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
DfE / ESFA grants			
General annual grant (GAG)	-	1,914	1,914
Start up grants	-	270	270
	-----	-----	-----
	-	2,184	2,184
	=====	=====	=====
Other government grants			
Local authority grants	-	1,083	1,083
	-----	-----	-----
	-	3,267	3,267
	=====	=====	=====

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
Hire of facilities	9	-	9
Catering income	8	-	8
Other income	23	-	23
	-----	-----	-----
	40	-	40
	=====	=====	=====

6 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2017 £'000
Academy's educational operations				
- Direct costs	2,130	-	77	2,207
- Allocated support costs	699	304	330	1,333
	-----	-----	-----	-----
	2,829	304	407	3,540
	=====	=====	=====	=====

Net income/(expenditure) for the period includes:

	2017 £'000
Fees payable to auditor for audit services	20
Depreciation of tangible fixed assets	56
Net interest on defined benefit pension liability	32
	=====

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

6 Expenditure

(Continued)

Central services

The Multi Academy Trust has provided the following central services to its academies during the period:

- Financial services
- School improvement services
- Strategic leadership
- Continual Professional Learning
- Premises, risk management and health and safety support
- Project management

The Multi Academy Trust charges for these services on the following basis:

- 4% or 5% of GAG income

The amounts charged during the period were as follows:

	Total £'000
Alderwood Primary School	10
Deansfield Primary School	15
Halstow Primary School	13
Horn Park Primary School	17
South Rise Primary School	25
Willow Dene School	1
Compass Partnership of Schools	-
	<u>81</u>

7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
Direct costs - educational operations	31	2,176	2,207
Support costs - educational operations	-	1,333	1,333
	<u>31</u>	<u>3,509</u>	<u>3,540</u>
			2017 £'000
Analysis of support costs			
Support staff costs			699
Depreciation and amortisation			56
Technology costs			17
Premises costs			240
Other support costs			126
Governance costs			195

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

7	Charitable activities	(Continued)
		1,333
		<u> </u>
8	Staff costs	2017
		£'000
	Wages and salaries	2,049
	Social security costs	184
	Operating costs of defined benefit pension schemes	559
		<u> </u>
	Staff costs	2,792
	Supply staff costs	32
	Staff development and other staff costs	5
		<u> </u>
	Total staff expenditure	2,829
		<u> </u>

Staff numbers

The average number of persons, by headcount, employed by the Multi Academy Trust during the period was as follows:

	2017
	Number
Teachers	171
Administration and support	392
	<u> </u>
	563
	<u> </u>

Higher paid staff

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

	2017
	Number
£60,001 - £70,000	5
£70,001 - £80,000	3
£80,001 - £90,000	3
£100,001 - £110,000	1
£130,001 - £140,000	1
	<u> </u>

Key management personnel

The key management personnel of the Multi Academy Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the Multi Academy Trust was £88k (2 months).

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

9 Directors' remuneration and expenses

One or more of the Directors has been paid remuneration or has received other benefits from an employment with the Multi Academy Trust. The Chief Financial Officer and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of Chief Financial Officer and staff members under their contracts of employment, and not in respect of their services as Directors.

The value of Directors' remuneration and other benefits was as follows:

J Camp (Chief Executive Officer) (2 months)

- Remuneration: £25,001 - £30,000
- Employers pension contributions £0- £5,000

M Bernard (Director) (2 months)

- Remuneration: £15,001- £20,000
- Employers pension contributions £0 - £5,000

10 Directors and officers insurance

The Multi 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 Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Multi Academy Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Directors and officers indemnity element from the overall cost of the RPA scheme.

11 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 6 September 2016	-	-	-	-
Transfer on conversion	63	115	62	240
Additions	-	9	-	9
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2017	63	124	62	249
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 6 September 2016	-	-	-	-
Charge for the period	21	23	12	56
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2017	21	23	12	56
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2017	42	101	50	193
	<hr/>	<hr/>	<hr/>	<hr/>

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

12 Debtors	2017
	£'000
VAT recoverable	18
Other debtors	388
Prepayments and accrued income	1,029
	<u>1,435</u>
	<u><u>1,435</u></u>
13 Creditors: amounts falling due within one year	2017
	£'000
Trade creditors	177
Other taxation and social security	555
Other creditors	575
Accruals and deferred income	150
	<u>1,457</u>
	<u><u>1,457</u></u>
14 Financial instruments	2017
	£'000
Carrying amount of financial assets	
Debt instruments measured at amortised cost	1,433
	<u><u>1,433</u></u>
Carrying amount of financial liabilities	
Measured at amortised cost	243
	<u><u>243</u></u>

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

15 Funds

	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds				
General Annual Grant	1,914	(1,945)	71	40
Start up grants	270	(175)	-	95
Other government grants	1,083	(1,083)	-	-
Other restricted funds	6	(6)	-	-
	<u>3,273</u>	<u>(3,209)</u>	<u>71</u>	<u>135</u>
Funds excluding pensions	-	(7,216)	(557)	(7,773)
	<u>3,273</u>	<u>(10,425)</u>	<u>(486)</u>	<u>(7,638)</u>
Restricted fixed asset funds				
Transferred on conversion	-	184	9	193
DfE / ESFA capital grants	720	-	-	720
	<u>720</u>	<u>184</u>	<u>9</u>	<u>913</u>
Total restricted funds	<u>3,993</u>	<u>(10,241)</u>	<u>(477)</u>	<u>(6,725)</u>
Unrestricted funds				
General funds	56	1,008	(80)	984
	<u>56</u>	<u>1,008</u>	<u>(80)</u>	<u>984</u>
Total funds	<u>4,049</u>	<u>(9,233)</u>	<u>(557)</u>	<u>(5,741)</u>

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

General Annual Grant: Income received from the ESFA to cover 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 2017.

Start Up Grants: This includes money received from the ESFA to convert from a local authority school to an Academy.

Other government grants: This includes Universal Infant Free School Meals, early years, pupil premium, High Needs and growth fund.

Other restricted funds: This is a restricted donation received during the year.

The transfer of funds relates to overspend on GAG.

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

15 Funds

(Continued)

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

	Total £'000
Alderwood Primary School	1
Deansfield Primary School	1
Halstow Primary School	1
Horn Park Primary School	1
South Rise Primary School	1
Willow Dene School	1
Compass Partnership of Schools	1,113
	<hr/>
Total before fixed assets fund and pension reserve	1,119
Restricted fixed asset fund	913
Pension reserve	(7,773)
	<hr/>
Total funds	(5,741)
	<hr/> <hr/>

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Alderwood Primary School	204	44	3	45	296
Deansfield Primary School	242	66	3	68	379
Halstow Primary School	201	50	1	40	292
Horn Park Primary School	250	48	1	23	322
South Rise Primary School	459	74	1	136	670
Willow Dene School	724	189	6	86	1,005
Compass Partnership of Schools	45	16	-	215	276
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,125	487	15	613	3,240
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

16 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	193	193
Current assets	984	1,592	720	3,296
Creditors falling due within one year	-	(1,457)	-	(1,457)
Defined benefit pension liability	-	(7,773)	-	(7,773)
	<u>984</u>	<u>(7,638)</u>	<u>913</u>	<u>(5,741)</u>

17 Pensions and similar obligations

The Multi Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Royal Borough of Greenwich. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £513k were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

17 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, 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 the TPS in the period amounted to £181k .

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.5% for employers and 5.5% to 12.5% for employees.

The LGPS obligation relates to the employees of the Multi Academy Trust who were employees transferred as part of the conversion from the maintained school (as described in note 24) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Multi Academy Trust at the balance sheet date.

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.

Total contributions made	2017
	£'000
Employer's contributions	166
Employees' contributions	54
	<hr/>
Total contributions	220
	<hr/> <hr/>

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

17 Pensions and similar obligations (Continued)

Principal actuarial assumptions	2017 %
Rate of increases in salaries	4.2
Rate of increase for pensions in payment	2.7
Discount rate	2.6
Inflation assumption (CPI)	2.7

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

	2017 Years
Retiring today	
- Males	22.6
- Females	24.8
Retiring in 20 years	
- Males	24.7
- Females	27.0

Scheme liabilities would have been affected by changes in assumptions as follows:

	2017 £'000
Discount rate + 0.1%	(319)
Discount rate - 0.1%	328
Mortality assumption + 1 year	366
Mortality assumption - 1 year	(355)
Salary rate + 0.1%	47
Salary rate - 0.1%	(47)
Pension rate + 0.1%	281
Pension rate - 0.1%	(272)

The Multi Academy Trust's share of the assets in the scheme 2017 Fair value £'000

Equities	349
Other Bonds	668
Unitised Insurance Policies	1,636
UK & Overseas Unit Trusts	616
Property	362
Other assets	38
Total market value of assets	3,669

Actual return on scheme assets - gain/(loss)	87
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THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

17 Pensions and similar obligations

(Continued)

Amounts recognised in the statement of financial activities

**2017
£'000**

Current service cost	378
Interest income	(16)
Interest cost	48
Total operating charge	410

Changes in the present value of defined benefit obligations

**2017
£'000**

Obligations acquired on conversion	10,351
Current service cost	378
Interest cost	48
Employee contributions	54
Actuarial (gain)/loss	628
Benefits paid	(17)
At 31 August 2017	11,442

Changes in the fair value of the Multi Academy Trust's share of scheme assets

**2017
£'000**

Assets acquired on conversion	3,379
Interest income	16
Actuarial gain	71
Employer contributions	166
Employee contributions	54
Benefits paid	(17)
At 31 August 2017	3,669

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

18 Reconciliation of net expenditure to net cash flows from operating activities

	2017 £'000
Net income for the reporting period	(5,184)
Adjusted for:	
Net surplus on conversion to academy	5,693
Capital grants from DfE/ESFA and other capital income	(720)
Defined benefit pension costs less contributions payable	212
Defined benefit pension net finance cost	32
Depreciation of tangible fixed assets	56
(Increase) in debtors	(1,435)
Increase in creditors	1,457
Net cash provided by operating activities	111

19 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

20 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £'000
Amounts due within one year	8
Amounts due in two and five years	17
	<u>25</u>

21 Capital commitments

	2017 £'000
Expenditure contracted for but not provided in the financial statements	1,106

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

22 Related party transactions

Owing to the nature of the Multi Academy Trust's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Multi Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Multi Academy Trust's financial regulations and normal procurement procedures.

The Daughter of Mrs M Bernard is employed by the Trust as a Teacher.

The wife of Mr H Lewis is also employed by the Trust as an Assistant Head.

23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

24 Conversion to an academy

On 1 July 2017 the schools listed below converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Compass Partnership of Schools from the Royal Borough of Greenwich for £nil consideration.

The schools were:

Alderwood Primary School
Deansfield Primary School
Halstow Primary School
Horn Park Primary School
South Rise Primary School
Willow Dene School

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the statement of financial activities as charitable activities – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
Alderwood Primary School	Greenwich	1 July 2017
Deansfield Primary School	Greenwich	1 July 2017
Halstow Primary School	Greenwich	1 July 2017
Horn Park Primary School	Greenwich	1 July 2017
South Rise Primary School	Greenwich	1 July 2017
Willow Dene School	Greenwich	1 July 2017
Compass Partnership of Schools	Greenwich	1 July 2017

THE COMPASS PARTNERSHIP OF SCHOOLS

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

24 Conversion to an academy

(Continued)

	2017
	£'000
Net assets transferred:	
Other tangible fixed assets	240
Cash	1,039
LGPS pension surplus/(deficit)	(6,972)
	<u>(5,693)</u>

	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	2017
	£'000	£'000	£'000	£'000
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	240	240
LGPS pension funds	-	(6,972)	-	(6,972)
Other funds	1,039	-	-	1,039
	<u>1,039</u>	<u>(6,972)</u>	<u>240</u>	<u>(5,693)</u>