

Company Registration No. 09323096 (England and Wales)

COMPASS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019

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COMPASS ACADEMY TRUST

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COMPASS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

T Heald (appointed 5 June 2019)
D Jenkins (resigned 31 August 2019)
R Loader (resigned 31 August 2019)
A Medhurst
S Sharma (appointed 1 December 2019)
I Stedman

Directors (Trustees)

A Sheppard
J Couch
K Cowley (resigned 6 July 2019)
W Giles (appointed 1 December 2019)
N Jordan
A Medhurst (Chair of Trustees)
N Moore (resigned 2 October 2019)
S Newman (resigned 31 August 2019)
T Robin
J Forsyth (appointed 1 September 2018)
G Walters (appointed 1 September 2018)

Chief Executive Officer & Accounting Officer: S Ellis (appointed 6 September 2018)

LOCAL GOVERNING BODIES (Membership as at 31 August 2019)

Marian Vian Primary School

C Bligh
J Couch
P Daw
A Gorman
K Jefferson
H Little
R Loader
Claire Morgan (resigned effective 31 August 2019)
I Redgrave
Tom Robin (resigned effective 31 August 2019)
Louise Tilley (resigned effective 31 August 2019)
K Williams (Chairperson)

Oak Lodge Primary School

N Adriano
M Apsley (resigned effective 31 August 2019)
R Barnes
I Chamberlain (Chairperson)
D Lowton
J McCloskey
A Medhurst (resigned effective 31 August 2019)
N Moore (resigned effective 1 September 2019)
Hazel O'Sullivan
T Rudge
E Thompson

Unicorn Primary School

N Bridges (Chairperson)
R Francis (resigned effective 31 August 2019)
N Owen
S Owusu-Ansah (resigned effective 31 August 2019)
G Preston
S Robertson
A Sheppard
A Williams

Wickham Common Primary School

J Carroll
J Cleary
K Cowley
P Critten
S Fletcher
J Hayes
D Jenkins
S Newman (Chairperson)
D Smith
J Walker Smith
G Walters
H Walton
A Warran
K Wilson (resigned effective 31 August 2019)

Trust Senior Leadership Team

Central Team

Chief Executive Officer
Chief Operating Officer
Chief Financial Officer

S Ellis (appointed 6 September 2018)
K Williams
H Haines

COMPASS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Marian Vian Primary School

Head Teacher	I Redgrave
Deputy Head Teacher	K Swain

Oak Lodge Primary School

Head Teacher	Matthew Apsley (resigned effective 31 August 2019) S Robertson (from 1 September 2019)
Head of Teaching & Learning	D Lowton
Deputy Head & Head of Inclusion	E Thompson

Unicorn Primary School

Head Teacher	S Robertson
Head of Teaching & Learning	V Elvines
Assistant Head Teacher	A Dodd (from 1 September 2019)

Wickham Common Primary School

Head Teacher	D Smith
Deputy Head Teacher	R Stevenson

Company registration number	09323096 (England and Wales)
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Registered office	Oak Lodge Primary School Chamberlain Crescent West Wickham Kent BR4 0LJ
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Independent auditor	Baxter & Co Lynwood House Crofton Road Orpington Kent BR6 8QE
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Bankers	Lloyds Bank plc PO Box 1000 BX1 1LT
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Solicitors	Stone King LLP (until 31 August 2019) 91 Charterhouse Street London EC1M 4BS Birkett Long (from 1 September 2019) Phoenix House Christopher Martin Road Basildon Essex SS14 3EZ
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COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2018/19 issued by the Education & Skills Funding Authority (ESFA).

The principal activity of the company is the operation of a state-funded Multi Academy Trust (MAT), Compass Academy Trust, providing a state education free of charge to those who attend the primary school academies operated by the trust.

On 1 September 2015 the MAT became operational and comprises four primary schools, all previously maintained within the London Borough of Bromley. They are Marian Vian; Oak Lodge; Unicorn and Wickham Common.

The Trust had a total pupil capacity of 2230 and had a total roll of 2111 in the school census on 4 October 2018 across its four schools.

Structure, governance and management

Constitution

Compass Academy Trust was incorporated on 21 November 2014 and is a company limited by guarantee with no share capital (registration no. 09323096) and is an exempt charity. On 1 September 2015, Marian Vian Primary School, Oak Lodge Primary School, Unicorn Primary School and Wickham Common Primary School converted to academy status and joined Compass Academy Trust. The charitable company's Memorandum and Articles of Association are the primary governing documents of Compass Academy Trust.

The Trustees of Compass Academy Trust are also the Directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

No third-party indemnities have been provided by the Trust to any third parties on behalf of any of the Trustees.

Method of recruitment and appointment or election of trustees

Following consultation with the Department for Education, amendments to the Trust's Articles of Association were approved by Members on 18 April 2018. As a consequence of these changes future appointments of trustees will be on the following basis:

- a. Up to 10 (ten) Trustees, appointed by the Members, to be individuals with relevant skills
- b. The Academy Trust may also have any number of Co-opted Trustees
- c. The Chief Executive Officer is not a Trustee
- d. The total number of Trustees who are employees of the Academy Trust does not exceed one third of the total number of Trustees.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing skills and experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

Organisational structure

The Board of Trustees comprises those persons appointed under the Articles of Association. The Board meets at least six times a year and has a Resources & Audit Committee and an Educational Standards Committee. With effect from 1 September 2019, the Resources & Audit Committee's remit has widened to include responsibility for all matters relating to finance, internal scrutiny, audit, personnel, physical assets and resources, including the agreement and monitoring of all school budgets. It also acts as the Trust Pay Committee. The remit of the newly introduced Educational Standards Committee includes the review of agreed Key Performance Indicators to ensure that educational standards are optimised across the trust.

The Local Governing Body (LGB) for each constituent school continues to be a Committee of the Trust but following a comprehensive governance review during 2018/19, its remit and constitution has changed with effect from 1 September 2019. The LGB no longer has formal sub-committees, but is awarded flexibility in the delegation of responsibilities to working groups. It meets at least four times a year and must contain at least two Parent Governors and a Staff Governor. The LGB no longer has control of school finances or personnel; its objectives are focused on ensuring robust scrutiny and support of teaching and learning, feeding into the Trust via the Educational Standards Committee and via a designated link governor/Trustee.

All Trust Committees are formally constituted with Terms of Reference and comprise appropriately qualified and experienced members. Regular skills' audits are carried out and appropriate training undertaken. If a vacancy for a Trust-appointed Local Governor arises, any gaps in skills are considered when recruiting to the vacancy.

Trustees delegate specific responsibilities to Committees including Local Governing Bodies, and Headteachers under a Scheme of Delegation. The delegated activities are reported to meetings of the Board of Trustees. The approved Scheme of Delegation is published on the website and reviewed annually.

Day to day leadership of the company is undertaken by the Chief Executive Officer with the Executive Leadership Team (ELT) and the operation of the schools by their School Leadership Teams.

The Chief Executive Officer is the Accounting Officer and there is a Chief Financial Officer and Chief Operating Officer.

Arrangements for setting pay and remuneration of key management personnel

Together with the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, the Executive Leadership Teams (ELT) of the four schools are the key management personnel of the Trust. Trustees are also senior management although they receive no pay or other remuneration in respect of their role as Trustees. Where Staff Trustees are in place, they receive remuneration for their role as staff and their pay is determined in the same way as applicable to all other staff as set out in the approved Pay Policy, which is reviewed annually. There are currently no Staff Trustees.

The pay of Executive Leaders is reviewed annually as part of the Performance Management and appraisal process. For Headteachers, the range of salary points is determined by the group size of the school and any other factors determined by the Pay Committee. The pay of non-teaching leaders is determined by the Pay Committee via a range on the NJC scales. The CEO is currently contracted from another Trust. Other pay is determined within the Trust's policy under the Scheme of Delegation.

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TRUSTEES' REPORT

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Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	2

Percentage of time spent on facility time

Percentage of time	Number of Employees
0%	2
1% - 50%	0
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Total Cost of facility time	£0
Total Pay bill	£7,516,000
Percentage of the total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours.	0%
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Related Parties and other Connected Charities and Organisations

Compass Academy Trust works collaboratively with a number of other Trusts, schools and organisations to further its objectives, including Change Schools Partnership, South Orpington Learning Alliance, Nexus Education Schools Trust, The Spring Partnership Trust, Connect Schools Academy Trust. These are not formal arrangements, partnerships or federations and this work is generally informal although on occasions the cost of time spent is reimbursed.

Objectives and activities

Objects and aims

The Academy Trust's objects are:

- to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the Academies").
- to promote for the benefit of the residents of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time.

Objectives, strategies and activities

The main objectives for the Compass Academy Trust during the last year were to:

- Continue internal and external quality assurance of leadership, teaching, learning and assessment;
- Re-structure governance to clarify and redefine the role of members, trustees and local governors, creating a clear demarcation of duties, recruiting additional personnel as required;
- Deliver a staffing restructure, systems and processes that enables a centralised business structure for finance, administration, human resources and premises;
- Establish working groups to generate financial efficiencies and income generation opportunities; and
- Develop lead teachers and identify key school improvement resource.

The strategies, significant activities and assessment criteria linked to achieving these objectives are set out below.

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

Public benefit

The Trustees 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.

Strategic Report

Achievements and performance

The Trust has made continued good progress against its main objectives. A summary of significant activities is given below:

The high educational standards of the four schools have been maintained as measured by external and internal measurement and assessment. Academic outcomes in national tests are above national and in some cases, significantly so. In Year 6, the national test data outcomes are as follows:

Progress

	Marian Vian	Wickham Common	Unicorn	Oak Lodge
Reading	0.5	1.69	1.5	0.2
Writing	0.63	0.4	2.1	1.47
Maths	0.94	1.91	3.8	1.83

Attainment

	National	Marian Vian	Wickham Common	Unicorn	Oak Lodge
RWM	65	82	87	80	75
Reading	73	85	94	78	78
Writing	78	96	90	88	94
Maths	79	89	95	92	94
GPS	78	93	92	78	91

One school was inspected during the year by Ofsted, Oak Lodge Primary School; Unicorn Primary School was inspected at the start of the 2019/20 academic year. Both schools have been graded as "Good" in terms of their overall effectiveness. The Trust's independent educational adviser has continued to quality assure the work of Headteachers with regards to teaching and learning and reports to the Board on a termly basis.

Key Performance Indicators

The Board has established an Educational Standards Committee that has set out a number of educational KPIs to assess success and identify, report and plan to mitigate risk. These are in part closely linked to the Ofsted Education Inspection Framework and measured against its criteria together with other areas chosen by the Trust. The KPIs are:

- Quality of Leadership
- Quality of Teaching
- Quality of Learning Environment
- Quality of Education (Curriculum) – Intent; Implementation; Impact (Core Subjects); Impact (Foundation Subjects)
- Behaviour & Attitudes including Attendance
- Personal Development
- Safeguarding/Compliance
- Budgetary Management
- Overall Effectiveness

The Board continues to closely control budgetary planning and monitoring across the Trust, providing guidance to constituent schools on the criteria to be used when proposing budgets, ensuring that updates to budgets are within

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

agreed parameters and that variances between the budget and actual income and expenditure are identified and addressed on a timely basis. The Board will continue to review and challenge the effectiveness of budgetary control and financial monitoring to ensure optimal use of resources and ongoing viability.

Going concern

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

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

Financial review

We receive our income from a number of sources. The majority comes from central government via the ESFA grant, based largely on our student numbers to cover our staffing and other general running costs (General Annual Grant - GAG). The ESFA may provide us with additional grants which are earmarked for specific purposes (such as Pupil Premium which must be applied to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/ESFA grants. Where we receive grant or other funding from the Local Authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as Other Government Grants. All the above income is collectively referred to as "Restricted Funds". Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the Trustees.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of Trustees ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme (LGPS) deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS by paying our pension contributions due as calculated by the scheme's actuaries.

The following balances were held at 31 August:

Fund	Category	2019 £'000	2018 £'000
GAG	Restricted General Funds	(340)	(28)
Other DfE/ESFA Grants	Restricted General Funds	7	2
Other Government Grants	Restricted General Funds	-	-
Other Income	Restricted General Funds	-	-
Sub-total General Restricted Funds		(333)	(26)
Unspent Capital Grants	Restricted Fixed Asset Fund	772	449
Other Income	Unrestricted General Fund	1,269	993
Sub-Total Spendable Funds		1,708	1,416
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	31,336	30,620
Share of LGPS Deficit	Restricted Pension Reserve	(2,946)	(1,218)
Total All Funds		<u>30,098</u>	<u>30,818</u>

During the year under review, there was a decrease of £307k (2018: decrease of £356k) on general restricted funds, an increase of £276k (2018: increase of £57k) on unrestricted funds and after LGPS valuation adjustments, depreciation and capital income and expenditure, an overall decrease of £720k (2018: increase of £1,195k).

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

Reserves policy

No formal policy on reserves has been set beyond the requirement that revenue funds should neither fall into deficit nor become excessive. Reserve levels are monitored throughout the year by the Board of Trustees through consideration of financial and other reports prepared and presented by the Chief Financial Officer and/or the Accounting Officer. During the year reserves have been used to fund essential works that could not be supported by external grants.

Investment policy

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted. The Trust has adopted an Investment Policy.

Principal risks and uncertainties

Risk management is overseen by the Resources & Audit Committee. Risk registers for each school and for the Trust have been reviewed and updated during the year. The school registers are reviewed on behalf of the Resources & Audit Committee at least termly by the individual schools. The central register and reports from the schools are considered at each Resources & Audit Committee meeting. More generally risk management is becoming embedded in the work of the four schools and their local governing bodies as well as at trust level. The Trust has improved its risk reporting to aid the identification of key risks and strengthen decision making. Work will continue to leverage this risk reporting to ensure that effective mitigating activities are implemented at a trust and school level on a timely basis. The Trust continues to consider its appetite for risk balanced with the costs of mitigation.

The Trustees are operating a number of systems to manage the risks that the Trust faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The company has an effective system of internal financial controls and this is explained in more detail in the Governance Statement. The Trustees have assessed the major risks to which the academy is exposed, in particular those relating to academic performance, finances and child welfare. The major risks are:

- Future grant settlements do not fully cover increases in related expenditure
- Competition from other schools in respect of admissions
- Succession planning for key personnel
- Embedding newly centralised finance and business services

Identifying these as the greatest risks has influenced the Trust's three-year plan – and implementing that plan will seek to prevent these risks materialising and lessen any impact should they occur. Positive OFSTED inspections of all four schools during the last two academic years has meant that an unfavourable report is no longer considered a major risk but the Trust intends to build on these reports with further improvements both to drive educational standards and to consider the implications of the new Ofsted framework.

The principal financial risk faced by the Trust is that income does not meet planned expenditure because of grant settlements and local competition resulting in a reduction in per pupil funding. Our budgeting and reporting processes, (including scrutiny by Trustees), coupled with a focus on income generation and achieving operational efficiencies will ensure this risk is managed.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), Trustees consider the associated risk in this area to be minimal.

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

Most of the Trust's income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Our fundraising practices

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trust and individual academies within it organise fundraising events and appeals and co-ordinate the activities of our supporters both in the academies and in the wider community on behalf of the trust.

The trust does not use professional fundraisers or involve commercial participators.

There have been no complaints about fundraising activity this year.

The trust complies with the Fundraising Regulator's Code of Fundraising Practice.

All fundraising is undertaken by the trust in a manner that seeks to ensure that it is not unreasonably intrusive or persistent. Contact is made through email, academy newsletters, our websites and via students. All fundraising material contains clear instructions on how a person can be removed from mailing lists.

Future activities will seek to build on collaborative fundraising as well as individual schools' initiatives.

Plans for future periods

The Trust's Key Strategic Objectives for 2019/20 are:

1. To serve our community by improving the educational outcome for our pupils.
 - Review the Curriculum and establish Trust wide principles.
 - Identify opportunities for improvement.
 - Identify and implement opportunities for cross-school cooperation.
 - Establish centres of excellence across the Trust, review the merits of these and recommend accordingly to the Board.
2. To ensure the Trust is run as an efficient and effective organisation, with a strong sense of identity and a consistent, supportive culture encompassing Trustees, Governors and Staff.
 - Develop and implement a marketing strategy and plan that creates a clear identity for the Trust both internally and externally.
 - The introduction of the new scheme of delegation and new governance structures.
 - Develop and implement an effective communications strategy across the Trust encompassing Trustees, Governors and Staff.
 - Implement and embed the new central business structure.
3. To ensure the financial stability of the Trust through careful management of our resources and through the development of other sources of income.
 - Starting from a zero base, review all teaching and learning staffing structures.
 - Consider what options exist to move from the current structure towards the optimal structure, taking into account likely funding constraints.
 - Review the scope for centralising the provision of some services.
 - Consider how these options could be impacted by expansion of the Trust and pursue opportunities for other schools/academies to join the Trust.
 - Develop additional sources of income.
 - Selection of a new finance system to be used across all schools in the Trust in order to streamline financial reporting and the control and monitoring of expenditure.

Funds Held as Custodian Trustee

The trust did not hold any funds in the role of custodian trustee on behalf of any third parties.

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

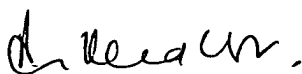
FOR THE YEAR ENDED 31 AUGUST 2019

Auditor

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 11 December 2019 and signed on its behalf by:



.....
A Medhurst
Chair of Trustees

COMPASS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material miss-statement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer (AO), for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreements between the Trust and the Secretary of State for Education. The AO is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
J Couch	7	7
K Cowley	6	7
J Forsyth	6	7
N Jordan	4	7
A Medhurst (Chairperson)	6	7
N Moore	3	7
S Newman	6	7
T Robin (Vice Chairperson)	7	7
A Sheppard	6	7
G Walters	7	7

Board changes during the year were the appointment of J Forsyth and G Walters and the resignation of K Cowley, S Newman and N Moore (post year end). The challenges for the Board were to finalise policies and procedures and develop effective methods of working together formally and informally.

Governance reviews

Following a comprehensive internal review of governance during 2018/19, new structures, roles and responsibilities have been established ensuring clear demarcation of roles and responsibilities. These new arrangements will be embedded during 2019/20 with the appointment of further members and trustees to ensure that a wide range of skills that facilitate oversight and effective scrutiny, challenge and support are in place. It is expected that a fully revised Scheme of Delegation will be agreed and implemented during 2019/20. A Chief Executive Officer continues to be contracted from another Trust and acts as the Accounting Officer but is not a trustee. The Board met informally three times during the year to review its effectiveness and evaluate its skills base and develop improved governance arrangements. The Trust's independent educational adviser attends Board meetings (via the Educational Standards Committee) termly to report regular reviews.

The Resources & Audit Committee is a sub-committee of the main Board. It obtains regular reports from the Chief Financial Officer. The focus of the Resources element is to plan, monitor and recommend budget to the Board, oversee staff structures and development and review and agree strategic premises management. The focus of the Audit element is internal scrutiny, maintenance and review of the Risk Register, reviewing reports from the Trust's Internal and External Auditors and recommendations on pay policy. The committee has formally met three times during the year. Attendance at meetings in the year was as follows:

COMPASS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Trustees	Meetings attended	Out of possible
J Couch (Chairperson)	3	3
N Jordan (Vice-Chairperson)	3	3
A Medhurst	2	3
G Walters	3	3

Review of Value for Money (VFM)

The Accounting Officer (AO) has responsibility for ensuring that the Trust delivers good value in the use of public resources. The AO understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The AO has considered how the Trust's use of its resources has provided good value for money during the year and how it can be improved. Reports were presented to the Board during 2018/19 on a series of reviews that, as well as improving the Trust's educational performance, would also deliver value for money benefits and a more effective organisation. Base benchmarking data, where available, was used to assess trends and outcomes. The review approach was approved by the Board with detailed proposals and an implementation plan approved by the Board in December 2018.

With grant allocations being reduced and real costs increasing the financial challenge the Trust is facing now and in the future demands continued close scrutiny of value for money and action to maximise investment in education and achieving value for money. During the year various initiatives have been introduced including:

- The COO and CFO have led and implemented (effective 1 September 2019) the centralised organisation and management of finance and business services (finance, premises management, HR and administration) to support education. This will deliver more effective services and financial savings, expected to be in the region of £50,000 in future years.
- A Trust-wide cleaning contract has been let replacing four separate contracts. This approach will continue when other service contracts are due for renewal, including energy during the Autumn term of 2019/20.
- Greater central oversight and coordination of bidding for capital grants (mainly CIF) to increase effectiveness and to ensure that, given limited resources, Trust priorities are fully considered while recognising safeguarding, health & safety and welfare needs. This process will be further centralised over the next academic year.
- Combined teaching and learning training and moderation of pupil work to make financial savings and greater spread of experience and knowledge. This continues to be an area to build on, including extending beyond the Trust. Our combined knowledge and experience of primary education has great value and potential to generate external income streams.
- Several Trust wide support services have been refined to match the drive for more effective business management including HR advice, payroll and financial planning.
- Planning for the introduction of a new financial system has commenced. This will provide much higher quality data and access, eliminating wasteful information transfer between separate school-based and central systems.

The purpose of the system of internal control

The internal control system is designed to manage risk to a reasonable level rather than to eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system is an on-going process to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood and impact of those risks if realised, and to manage them efficiently, effectively and economically. The Trust's system has been in place for the year ended 31 August 2019 and continues up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that was developed from existing arrangements during the previous academic year and continues in place up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees.

COMPASS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

The risk and control framework

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

The Board has considered the need for a specific internal audit function and has appointed Liberata UK Limited as its internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The Trust agrees the audit programme with the provider to include reports to the Board on the operation of the systems of control and on the discharge of the Board's financial responsibilities regarding the individual schools. The reviews cover purchases, payroll and aspects of accounting.

Overall these monitoring checks on the schools' systems show a high level of proper practice and compliance with no significant recommendations for improvement. The agreed programme will be reviewed to ensure that there is adequate and sufficiently focused testing on potential areas of risk following the centralisation of finance and business services from 1 September 2019. Joint work on potential efficiencies and sharing good practice from other Trusts continues as well as regular meetings with peers in other Trusts. The internal audit for the Trust's financial systems takes place annually on the same basis as the individual schools.

The Trust confirms that the internal auditor has delivered their schedule of work as planned, with no significant control issues arising as a result of this work. This process will continue during 2019/20 and will be updated as necessary to ensure a robust programme of internal scrutiny continues.

Review of effectiveness

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

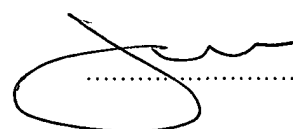
- the work of the Internal Auditor
- the work of the External Auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised on the implications of the result of the review of the system of internal control by the Resources & Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Directors on 11 December 2019 and signed on its behalf by:



A Medhurst
Chair of Trustees



S Ellis
Accounting Officer

COMPASS ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Compass Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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



S Ellis
Accounting Officer

11 December 2019

COMPASS ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the Directors of Compass Academy Trust for the purposes of company law) are responsible for preparing the trustees' Report and the Financial Statements in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these Financial Statements, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 11 December 2019 and signed on its behalf by:



A Medhurst
Chair of Trustees

COMPASS ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the Financial Statements of Compass Academy Trust for the year ended 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the Financial Statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2018 to 2019.

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 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.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the trustees have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the academy 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.

Other information

The trustees are responsible for the other information, which 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.

COMPASS ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' Report including the incorporated Strategic Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the trustees' Report including the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the trustees are responsible for assessing the academy 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 trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

COMPASS ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Use of our report

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

David John Walsh FCCA (Senior Statutory Auditor)
For and on behalf of Baxter & Co
Statutory Auditor
Chartered Certified Accountants
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated: December 2019

COMPASS ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO COMPASS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 27 November 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Compass Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Compass Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Compass Academy Trust 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 Compass Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Compass Academy Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Compass Academy Trust's funding agreement with the Secretary of State for Education dated 26 August 2014 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 1 September 2018 to 31 August 2019 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 2018 to 2019 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 academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Review of some key financial control procedures;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of risk review and checking of financial controls implemented by the Academy Trust in order to comply with its obligations under 2.9.6 of the Academies Financial Handbook 2018, issued by the ESFA.

COMPASS ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO COMPASS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baxter & Co
Independent Reporting Accountants
Chartered Certified Accountants
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated: December 2019

COMPASS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2019 £'000	Total 2018 £'000
Income and endowments from:						
Donations and capital grants	3	17	74	1,481	1,572	1,330
Charitable activities:						
- Funding for educational operations	4	581	9,054	-	9,635	9,503
Other trading activities	5	158	-	-	158	168
Investments	6	2	-	-	2	2
Total		758	9,128	1,481	11,367	11,003
Expenditure on:						
Raising funds	7	11	-	-	11	11
Charitable activities:						
- Educational operations	9	471	9,804	556	10,831	10,534
Total	7	482	9,804	556	10,842	10,545
Net income/(expenditure)		276	(676)	925	525	458
Transfers between funds	17	-	(114)	114	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(1,245)	-	(1,245)	737
Net movement in funds		276	(2,035)	1,039	(720)	1,195
Reconciliation of funds						
Total funds brought forward		993	(1,244)	31,069	30,818	29,623
Total funds carried forward		1,269	(3,279)	32,108	30,098	30,818

COMPASS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

SUPPLEMENTARY NOTE: COMPARATIVE INFORMATION FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000
Income and endowments from:					
Donations and capital grants	3	15	47	1,268	1,330
Charitable activities:					
- Funding for educational operations	4	411	9,092	-	9,503
Other trading activities	5	168	-	-	168
Investments	6	2	-	-	2
Total		<u>596</u>	<u>9,139</u>	<u>1,268</u>	<u>11,003</u>
Expenditure on:					
Raising funds	7	7	4	-	11
Charitable activities:					
- Educational operations	9	532	9,491	511	10,534
Total	7	<u>539</u>	<u>9,495</u>	<u>511</u>	<u>10,545</u>
Net income/(expenditure)		57	(356)	757	458
Transfers between funds	17	-	(74)	74	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	737	-	737
Net movement in funds		57	307	831	1,195
Reconciliation of funds					
Total funds brought forward		<u>936</u>	<u>(1,551)</u>	<u>30,238</u>	<u>29,623</u>
Total funds carried forward		<u>993</u>	<u>(1,244)</u>	<u>31,069</u>	<u>30,818</u>

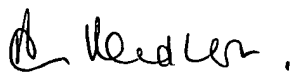
COMPASS ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	13	31,336	30,620
Current assets			
Debtors	14	877	531
Cash at bank and in hand		1,603	1,546
		<u>2,480</u>	<u>2,077</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(772)	(661)
Net current assets		<u>1,708</u>	<u>1,416</u>
Net assets excluding pension liability		<u>33,044</u>	<u>32,036</u>
Defined benefit pension scheme liability	19	(2,946)	(1,218)
Total net assets		<u>30,098</u>	<u>30,818</u>
Funds of the academy trust:			
Restricted funds	17		
- Fixed asset funds		32,108	31,069
- Restricted income funds		(333)	(26)
- Pension reserve		(2,946)	(1,218)
Total restricted funds		<u>28,829</u>	<u>29,825</u>
Unrestricted income funds	17	<u>1,269</u>	<u>993</u>
Total funds		<u>30,098</u>	<u>30,818</u>

The Financial Statements on pages 22 to 46 were approved by the trustees and authorised for issue on 11 December 2019 and are signed on their behalf by:



A Medhurst
Chair of Trustees

Company Number 09323096

COMPASS ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash used in operating activities	20	(154)	(59)
Cash flows from investing activities			
Dividends, interest and rents from investments		2	2
Capital grants from DfE Group		1,448	1,232
Capital funding received from sponsors and others		33	36
Purchase of tangible fixed assets		(1,272)	(1,025)
Net cash provided by investing activities		211	245
Net increase in cash and cash equivalents in the reporting period		57	186
Cash and cash equivalents at beginning of the year		1,546	1,360
Cash and cash equivalents at end of the year		1,603	1,546

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

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

1.1 Basis of preparation

The Financial Statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Compass Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the Financial Statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

1.3 Income

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

Grants

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 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.

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the 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 academy trust's accounting policies.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges 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 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 academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

1.5 Tangible fixed assets and depreciation

Assets costing £2,500 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £10,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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. Where tangible fixed assets have been acquired / funded by other income, the fixed asset fund is also credited. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

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

Leasehold land & buildings	50 years
Plant & machinery	10 years
Computer equipment	3 years
Fixtures, fittings & equipment	5 years
Motor Vehicles	5 years

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.

1.6 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 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.

1.7 Leased assets

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

1.8 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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.

1.9 Taxation

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

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

1.10 Pensions benefits

Retirement benefits to employees of the 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 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 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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

1.11 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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 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.

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

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 19, 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 2019. 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

In preparing these Financial Statements, the trustees have not needed to exercise any subjective judgements that would be critical to the academy trust's Financial Statements.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Capital donations	-	33	33	36
Capital grants	-	1,448	1,448	1,232
Other donations	17	74	91	62
	<u>17</u>	<u>1,555</u>	<u>1,572</u>	<u>1,330</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	8,060	8,060	8,103
Other DfE group grants	-	775	775	696
	<u>-</u>	<u>8,835</u>	<u>8,835</u>	<u>8,799</u>
Other government grants				
Local authority grants	-	219	219	293
	<u>-</u>	<u>219</u>	<u>219</u>	<u>293</u>
Other funding				
Other incoming resources	581	-	581	411
	<u>581</u>	<u>-</u>	<u>581</u>	<u>411</u>
Total funding	<u>581</u>	<u>9,054</u>	<u>9,635</u>	<u>9,503</u>

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	145	-	145	147
Other income	13	-	13	21
	<u>158</u>	<u>-</u>	<u>158</u>	<u>168</u>

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Expenditure on raising funds					
- Allocated support costs	-	-	11	11	11
Academy's educational operations					
- Direct costs	6,553	445	656	7,654	7,747
- Allocated support costs	1,604	744	829	3,177	2,787
	<u>8,157</u>	<u>1,189</u>	<u>1,496</u>	<u>10,842</u>	<u>10,545</u>

Net income/(expenditure) for the year includes:

	2019 £'000	2018 £'000
Fees payable to auditor for:		
- Audit	15	14
- Other services	9	11
Operating lease rentals	10	9
Depreciation of tangible fixed assets	556	511
Net interest on defined benefit pension liability	29	33
	<u></u>	<u></u>

Included within expenditure are the following transactions:

	2019 £
Gifts made by the academy trust - total	<u>553</u>

Clarification note - while many of the disclosures in these accounts is rounded to £'000, the values disclosed above are not. The value of gifts paid in the period was £553 (and not £553k).

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Central services

The academy trust has provided the following central services to its academies during the year:

- financial services;
- legal and other professional support services;
- educational support services;
- support staff salaries for governance and central oversight

The academy trust charges its member academies for these services on the following basis;

- A central charge of between £15 per pupil and £120 per pupil, depending on the service provided.

The amounts charged during the year were as follows:

	2019 £'000	2018 £'000
Oak Lodge Primary School	81	40
Marian Vian Primary School	89	43
Wickham Common Primary School	56	28
Unicorn Primary School	64	31
	<u>290</u>	<u>142</u>

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Direct costs				
Educational operations	218	7,436	7,654	7,747
Support costs				
Educational operations	253	2,924	3,177	2,787
	<u>471</u>	<u>10,360</u>	<u>10,831</u>	<u>10,534</u>

Analysis of costs

	2019 £'000	2018 £'000
Direct costs		
Teaching and educational support staff costs	6,553	6,628
Staff development	35	45
Depreciation	445	399
Technology costs	177	173
Educational supplies and services	248	301
Other direct costs	196	201
	<u>7,654</u>	<u>7,747</u>

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Charitable activities

Support costs

Support staff costs	1,150	1,066
Defined benefit pension scheme - staff costs (FRS102 adjustment)	454	240
Depreciation	111	112
Technology costs	62	56
Maintenance of premises and equipment	183	185
Cleaning	159	138
Energy costs	146	124
Rent, rates and other occupancy costs	80	69
Insurance	65	87
Catering	497	505
Defined benefit pension scheme - finance costs (FRS102 adjustment)	29	33
Other support costs	143	117
Governance costs	98	55
	<u>3,177</u>	<u>2,787</u>

10 Staff

Staff costs

Staff costs during the year were:

	2019 £'000	2018 £'000
Wages and salaries	5,946	5,890
Social security costs	477	485
Pension costs	1,093	1,082
Defined benefit pension scheme - staff costs (FRS102 adjustment)	454	240
Amounts paid to employees	7,970	7,697
Agency staff costs	161	221
Staff restructuring costs	26	16
Total staff expenditure	<u>8,157</u>	<u>7,934</u>

Staff restructuring costs comprise:

Redundancy payments	24	11
Severance payments	2	5
	<u>26</u>	<u>16</u>

Non statutory/non-contractual staff severance payments

No non-statutory/non-contractual severance or redundancy payments are included above in 2019 (2018: included £5k).

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Staff

Staff numbers

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

	2019 Number	2018 Number
Teachers	95	97
Administration and support	195	193
Management	20	22
	<u>310</u>	<u>312</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2019 Number	2018 Number
Teachers	77	80
Administration and support	87	85
Management	18	20
	<u>182</u>	<u>185</u>

Higher paid staff

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

	2019 Number	2018 Number
£60,000 - £70,000	1	1
£70,001 - £80,000	3	3
	<u>4</u>	<u>4</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £849,990 (2018: £825,365).

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

11 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteachers and other Staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

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

I Redgrave (Headteacher at Marian Vian Primary School, resigned as trustee 01/05/2018)

- Remuneration: not appointed in year (2018: £50,000 - £55,000)
- Employer's pension contributions: not appointed in year (2018: £5,000 - £10,000)

M Apsley (Headteacher at Oak Lodge Primary School, resigned as trustee 01/05/2018)

- Remuneration: not appointed in year (2018: £50,000 - £55,000)
- Employer's pension contributions: not appointed in year (2018: £5,000 - £10,000)

S Robertson (Headteacher at Unicorn Primary School, resigned as trustee 01/05/2018)

- Remuneration: not appointed in year (2018: £45,000 - £50,000)
- Employer's pension contributions: not appointed in year (2018: £5,000 - £10,000)

D Smith (Headteacher at Wickham Common Primary School, resigned as trustee 01/05/2018)

- Remuneration: not appointed in year (2018: £40,000 - £45,000)
- Employer's pension contributions: not appointed in year (2018: £5,000 - £10,000)

During the year, expenses totalling £136 (2018: £423) were reimbursed or paid directly to 1 trustees (2018: 3 trustees).

12 Trustees and officers insurance

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

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

13 Tangible fixed assets

	Leasehold land & buildings	Plant & machinery	Computer equipment	Fixtures, fittings & equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2018	31,429	102	239	190	55	32,015
Additions	1,114	-	119	39	-	1,272
	<u>32,543</u>	<u>102</u>	<u>358</u>	<u>229</u>	<u>55</u>	<u>33,287</u>
Depreciation						
At 1 September 2018	1,092	23	140	116	24	1,395
Charge for the year	399	10	104	32	11	556
	<u>1,491</u>	<u>33</u>	<u>244</u>	<u>148</u>	<u>35</u>	<u>1,951</u>
Net book value						
At 31 August 2019	<u>31,052</u>	<u>69</u>	<u>114</u>	<u>81</u>	<u>20</u>	<u>31,336</u>
At 31 August 2018	<u>30,337</u>	<u>79</u>	<u>99</u>	<u>74</u>	<u>31</u>	<u>30,620</u>

Included in leasehold land and buildings is leasehold land valued at £12,912k.

14 Debtors	2019 £'000	2018 £'000
Trade debtors	12	11
VAT recoverable	134	169
Prepayments and accrued income	731	351
	<u>877</u>	<u>531</u>
15 Creditors: amounts falling due within one year	2019 £'000	2018 £'000
Trade creditors	9	2
Other taxation and social security	131	128
Other creditors	135	131
Accruals and deferred income	497	400
	<u>772</u>	<u>661</u>

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

16	Deferred income	2019	2018
		£'000	£'000
	Deferred income is included within:		
	Creditors due within one year	<u>266</u>	<u>217</u>
	Deferred income at 1 September 2018	217	252
	Released from previous years	(217)	(252)
	Resources deferred in the year	<u>266</u>	<u>217</u>
	Deferred income at 31 August 2019	<u>266</u>	<u>217</u>

Deferred Income at 31 August 2019 includes grant income received in advance for UIFSM £186k (2018: £193k); Rates funding £30k (2018: £7k); monies collected in advance for school trips of £25k (2018: £15k) which are due to take place in 2019/20; and other amounts in advance of £25k (2018: £2k).

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	(28)	8,060	(8,258)	(114)	(340)
Other DfE / ESFA grants	2	543	(538)	-	7
Pupil Premium	-	232	(232)	-	-
Other government grants	-	219	(219)	-	-
Other restricted funds	-	74	(74)	-	-
Pension reserve	(1,218)	-	(483)	(1,245)	(2,946)
	<u>(1,244)</u>	<u>9,128</u>	<u>(9,804)</u>	<u>(1,359)</u>	<u>(3,279)</u>
Restricted fixed asset funds					
Inherited on conversion	28,876	-	(364)	-	28,512
DfE group capital grants	1,940	1,448	(92)	-	3,296
Capital expenditure from GAG and other funds	166	-	(58)	114	222
Private sector capital sponsorship	87	33	(42)	-	78
	<u>31,069</u>	<u>1,481</u>	<u>(556)</u>	<u>114</u>	<u>32,108</u>
Total restricted funds	<u>29,825</u>	<u>10,609</u>	<u>(10,360)</u>	<u>(1,245)</u>	<u>28,829</u>
Unrestricted funds					
General funds	<u>993</u>	<u>758</u>	<u>(482)</u>	<u>-</u>	<u>1,269</u>
Total funds	<u>30,818</u>	<u>11,367</u>	<u>(10,842)</u>	<u>(1,245)</u>	<u>30,098</u>

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

The Restricted General Funds are used to fund the general operating costs of the Trust.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

The Restricted LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit.

The Restricted Fixed Asset Fund represents the net book value of fixed assets £31,336k (2018: £30,620k) plus the unspent element of Capital funds of £772k (2018: £449k). When assets are purchased the fund is increased and depreciation charges reduce the fund.

Unrestricted Funds represent balances held at period end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	125	8,103	(8,182)	(74)	(28)
Other DfE / ESFA grants	3	457	(458)	-	2
Pupil Premium	-	239	(239)	-	-
Other government grants	-	293	(293)	-	-
Other restricted funds	3	47	(50)	-	-
Pension reserve	(1,682)	-	(273)	737	(1,218)
	<u>(1,551)</u>	<u>9,139</u>	<u>(9,495)</u>	<u>663</u>	<u>(1,244)</u>
Restricted fixed asset funds					
Transfer on conversion	29,255	-	(379)	-	28,876
DfE group capital grants	723	1,232	(60)	45	1,940
Capital expenditure from GAG and other funds	177	-	(40)	29	166
Private sector capital sponsorship	83	36	(32)	-	87
	<u>30,238</u>	<u>1,268</u>	<u>(511)</u>	<u>74</u>	<u>31,069</u>
Total restricted funds	<u>28,687</u>	<u>10,407</u>	<u>(10,006)</u>	<u>737</u>	<u>29,825</u>
Unrestricted funds					
General funds	<u>936</u>	<u>596</u>	<u>(539)</u>	<u>-</u>	<u>993</u>
Total funds	<u>29,623</u>	<u>11,003</u>	<u>(10,545)</u>	<u>737</u>	<u>30,818</u>

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

Total funds analysis by academy

	2019 £'000	2018 £'000
Fund balances at 31 August 2019 were allocated as follows:		
Oak Lodge Primary School	187	213
Marian Vian Primary School	309	273
Wickham Common Primary School	123	181
Unicorn Primary School	298	287
Central services	19	13
Total before fixed assets fund and pension reserve	936	967
Restricted fixed asset fund	32,108	31,069
Pension reserve	(2,946)	(1,218)
Total funds	30,098	30,818

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2019 £'000	Total 2018 £'000
Oak Lodge Primary School	1,878	455	76	413	2,822	2,822
Marian Vian Primary School	1,938	481	81	517	3,017	3,009
Wickham Common Primary School	1,292	313	40	367	2,012	1,940
Unicorn Primary School	1,441	230	50	425	2,146	2,131
Central services	4	125	1	159	289	133
	6,553	1,604	248	1,881	10,286	10,035

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Analysis of net assets between funds

	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	31,336	31,336
Current assets	1,269	439	772	2,480
Creditors falling due within one year	-	(772)	-	(772)
Defined benefit pension liability	-	(2,946)	-	(2,946)
Total net assets	1,269	(3,279)	32,108	30,098
	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	30,620	30,620
Current assets	993	635	449	2,077
Creditors falling due within one year	-	(661)	-	(661)
Defined benefit pension liability	-	(1,218)	-	(1,218)
Total net assets	993	(1,244)	31,069	30,818

19 Pension and similar obligations

The 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 the London Borough of Bromley. 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 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £135k (2018: £131k) were payable to the schemes at 31 August 2019 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' 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.

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

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 2016 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 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million;
- an employer cost cap of 10.9% of pensionable pay; and
- the assumed real rate of return is 2.4% in excess of prices. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

Scheme Changes

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £650k (2018: £652k).

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension 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 23.3% to 23.6% for employers and 5.5% to 12.5% for employees.

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

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

Total contributions made	2019 £'000	2018 £'000
Employer's contributions	443	428
Employees' contributions	110	108
Total contributions	553	536

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.50 to 3.60	3.60
Rate of increase for pensions in payment/inflation	2.10 to 2.20	2.20
Discount rate for scheme liabilities	1.80	2.80
CPI Inflation	2.00 to 2.10	2.10

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

	2019 Years	2018 Years
Retiring today		
- Males	23.5	23.4
- Females	26.2	26.1
Retiring in 20 years		
- Males	26.2	26.1
- Females	28.5	28.4

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

	2019 £'000	2018 £'000
Discount rate + 0.1%	8,203	5,646
Mortality assumption + 1 year	8,523	5,867
CPI rate + 0.1%	8,557	5,890

Defined benefit pension scheme net liability

Scheme assets	5,432	4,548
Scheme obligations	(8,378)	(5,766)
Net liability	(2,946)	(1,218)

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

The academy trust's share of the assets in the scheme	2019 Fair value £'000	2018 Fair value £'000
Equities	3,439	2,957
Government bonds	353	-
Other bonds	337	572
Cash/liquidity	65	150
Property	228	-
Other assets	1,010	869
Total market value of assets	<u>5,432</u>	<u>4,548</u>

The actual return on scheme assets was £366,000 (2018: £327,000).

Amount recognised in the Statement of Financial Activities	2019 £'000	2018 £'000
Current service cost	620	668
Past service cost	277	-
Interest income	(134)	(96)
Interest cost	163	129
Total operating charge	<u>926</u>	<u>701</u>

Changes in the present value of defined benefit obligations	2019 £'000
At 1 September 2018	5,766
Current service cost	606
Interest cost	163
Employee contributions	110
Actuarial loss/(gain)	1,478
Benefits paid	(22)
Past service cost	277
At 31 August 2019	<u>8,378</u>

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

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

	2019 £'000
At 1 September 2018	4,548
Interest income	120
Actuarial gain	233
Employer contributions	443
Employee contributions	110
Benefits paid	(22)
At 31 August 2019	<u>5,432</u>

20 Reconciliation of net income to net cash flow from operating activities

	2019 £'000	2018 £'000
Net income for the reporting period (as per the statement of financial activities)	525	458
Adjusted for:		
Capital grants from DfE and other capital income	(1,481)	(1,268)
Investment income receivable	(2)	(2)
Defined benefit pension costs less contributions payable	454	240
Defined benefit pension scheme finance cost	29	33
Depreciation of tangible fixed assets	556	511
(Increase) in debtors	(346)	(97)
Increase in creditors	111	66
Net cash used in operating activities	<u>(154)</u>	<u>(59)</u>

21 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	6	5
Amounts due in two and five years	3	3
	<u>9</u>	<u>8</u>

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

22 Capital commitments

	2019 £'000	2018 £'000
Expenditure contracted for but not provided in the Financial Statements	635	488

The capital commitment at 31 August 2019 of £635k represents the anticipated future costs to completion of a Heating, Ventilation and Controls project at Unicorn Primary School (£17k), replacement Fire Alarm work at Wickham Common (£11k) and Electrical & Fire safety work at Marian Vian (£607k).

23 Related party transactions

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

H Haines, a close family member of J Couch, a trustee, and D Medhurst a close family member of A Medhurst, a trustee are employed by the academy trust. The appointments were made in open competition and the respective trustee was not involved in the decision making process regarding the appointment. The employee's are paid within the normal pay scale for their role and neither receives any special treatment as a result of their relationship to the respective trustee.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

24 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he 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.