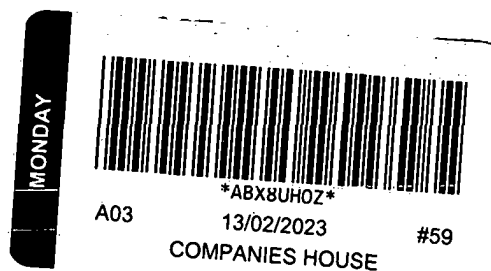


Company Registration No. 09323096 (England and Wales)

**COMPASS ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**



# COMPASS ACADEMY TRUST

## CONTENTS

---

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 16
Governance statement	17 -20
Statement on regularity, propriety and compliance	21
Statement of Trustees' responsibilities	22
Independent auditor's report on the accounts	23 - 25
Independent reporting accountant's report on <i>regularity</i>	26 - 27
Statement of financial activities	28 - 29
Balance sheet	30
Cash flow statement	31
Notes to the accounts	32 - 51

# COMPASS ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### Members

M Bernard  
A Medhurst  
I Stedman

### Directors (Trustees)

J Couch  
W Giles  
A Medhurst (Chair of Trustees)  
T Robin  
J Forsyth  
G Walters  
G Arbuckle  
L Anim-Addo (resigned 10 August 2022)

**Chief Executive Officer & Accounting Officer:** S Ellis

### LOCAL GOVERNING BODIES (Membership as at 31 August 2022)

#### Marian Vian Primary School

D Banks  
J Couch (resigned 1<sup>st</sup> September 2022)  
M Crowther-Townsend (resigned 21<sup>st</sup> July 2022)  
P Daw (Chair)  
A Gorman  
J Fontenelle (appointed 22 February 2022)  
R Loader  
H Russell  
D Snook  
I Redgrave (Headteacher)

#### Oak Lodge Primary School

N Adriano (resigned 21 January 2022)  
J Ashforth  
J Brunoir (Chair)  
T Burrill  
V Courtneil Shaw (resigned 23 March 2022)  
E Kempton  
A Loveless  
H O'Sullivan  
S Robertson (Headteacher)  
D Lowton (Head of School)  
E Thompson (Deputy Head)

#### Unicorn Primary School

N Bridges (Chair)  
E Codling (resigned 8 September 2022)  
E Ince  
M Moin  
N Owen  
G Preston  
S Robertson (Executive Headteacher)  
V Elvines (Head of School)

#### Wickham Common Primary School

J Cleary  
P Critten  
S Fletcher  
S Newman (Chair)  
J Walker Smith (resigned 6 September 2022)  
G Walters (resigned 1<sup>st</sup> September 2022)  
H Walton (resigned 13 February 2022)  
K Fudge (appointed 16 June 2022)  
E Reynolds (appointed 16 June 2022)  
Z ToBrowne (appointed 16 June 2022)  
J Carroll (resigned 28 November 2022)  
D Allis (Headteacher)

### Trust Leadership Team

#### Central Team

Chief Executive Officer	S Ellis
Director of Finance & Operations	K Williams (appointed 1 <sup>st</sup> November 2021, previously Chief Operating Officer)
Chief Financial Officer	Helen Haines (resigned with effect 31 October 2021)

#### Marian Vian Primary School

Head Teacher	I Redgrave
Deputy Head Teacher	K Swain

---

# COMPASS ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### **Oak Lodge Primary School**

Executive Head Teacher	S Robertson
Head of School	D Lowton
Deputy Head & Head of Inclusion	E Thompson

### **Unicorn Primary School**

Executive Head Teacher	S Robertson
Head of School	V Elvines
Assistant Head Teacher	A Dodd (resigned 31 December 2021)

### **Wickham Common Primary School**

Head Teacher	D Allis
Deputy Head Teacher	R Stevenson (redundant 31 December 2021)

<b>Company registration number</b>	09323096 (England and Wales)
------------------------------------	------------------------------

<b>Registered office</b>	Marian Vian Primary School Shirley Crescent Elmers End Beckenham Kent BR3 4AZ
--------------------------	--

<b>Independent auditor</b>	Baxter & Co Lynwood House Crofton Road Orpington Kent BR6 8QE
----------------------------	--

<b>Bankers</b>	Lloyds Bank plc PO Box 1000 BX1 1LT
----------------	---

<b>Solicitors</b>	Birkett Long Phoenix House Christopher Martin Road Basildon Essex SS14 3EZ
-------------------	---

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2022

---

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 2022. 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 2021/2022 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 2,196 and had a total roll of 2,058 on the school census in October 2021 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 2022

---

#### 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. The Resources & Audit Committee remit includes Trust-wide responsibility for all matters relating to finance, risk management, 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 Educational Standards Committee remit 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. Although there are no formal sub-committees, they are awarded flexibility in the delegation of responsibilities to working groups. Each LGB meets at least four times a year and must contain at least two Parent Governors and a Staff Governor. Objectives are focused on ensuring robust scrutiny and support of teaching and learning, safeguarding, health & safety and parental engagement. The LGB feed 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 analysed by the Governance Manager and appropriate training is 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 the Executive Leadership Team 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 Senior Leadership Teams.

The Chief Executive Officer is the Accounting Officer. A Chief Financial Officer (CFO) and Chief Operating Officer (COO) were in place until 31<sup>st</sup> October 2021, but from 1<sup>st</sup> November 2022 the Trust adopted a revised organisational structure following the resignation of the CFO. The incumbent COO was appointed as the Director of Finance & Operations, directly supported by the promotion of existing team members into the newly created roles of Assistant Director of Operations & HR and Head of Finance.

The Trust does not own or partially own any subsidiary company.

#### **Arrangements for setting pay and remuneration of key management personnel**

Together with the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer (from October 2021 the COO and CFO are one combined role of Director of Finance & Operations) and Headteachers (ELT), the Senior Leadership Teams (SLT) 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. There are no Staff Trustees and the Chief Executive Officer is not a Trustee.

The pay of Executive Leaders is reviewed annually as part of the Performance Management and appraisal process. The pay of the Chief Executive Officer is determined by the size of the Trust and other factors determined by the Pay Committee. 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. Other pay is determined within the Trust's policy under the Scheme of Delegation.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2022**

### Trade Union Facility Time

#### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1

#### Percentage of time spent on facility time

Percentage of time	Number of Employees
0%	0
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	£8,650k
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%
--	----

#### 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 Connect Schools Academy Trust, South Orpington Learning Alliance, Nexus Education Schools Trust and The Spring Partnership 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.

Compass Academy Trust is connected to the Oak Lodge Primary School Educational Development Initiative Fund, a trust whose objective is to advance the education of the pupils of Oak Lodge Primary School by providing or assisting in the provision of education, recreational and other charitable facilities which are not otherwise publicly funded. The funds from this trust have been fully utilised and the intention is to close the trust during 2022/23.

#### Engagement with employees (including disabled persons)

The following statement summarises action taken during the period to introduce, maintain or develop arrangements aimed at:

- providing employees with information on matters of concern to them
- consulting employees or their representatives regularly so that the views of employees can be considered in making decisions which are likely to affect their interests
- encouraging the involvement of employees in the Trust's performance
- achieving a common awareness on the part of all employees of the factors affecting the performance of the Trust.

It also references the Trust's policy in respect of applications for employment from disabled persons, the treatment of employees who become disabled and the training, career development and promotion of disabled persons.

Compass Academy Trust recognises the importance of engaging with employees, informing and involving them in matters that both affect them as employees and in various factors that affect the performance of the Trust. The Trust achieves this engagement primarily through formal and informal meetings and team briefings at school level, but Trust-wide written communications are also used as appropriate.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2022

---

We also believe there to be great benefit in coming together as a Trust and each year a Trust-wide conference is held to which all teaching staff attend, and members of support staff are strongly encouraged to take part. The conference takes place at the beginning of the spring term and provides an invaluable opportunity to engage with all staff as they work together across the Trust. Regular teacher staff meetings are held for all teachers across the Trust and specific cross Trust meetings take place for subject and phase leaders.

In respect of disabled persons, the policy of the Trust is to support recruitment and retention of students, staff and Trustees/Governors with disabilities. Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of all the schools; physical environments are adapted as necessary and support resources and training are made available. Our policy is to promote the career development and promotion of disabled persons, irrespective of the nature of their disability and we will provide whatever assistance we reasonably can in order to support the individual in meeting their career goals, ensuring that there is a 'level playing field' for all.

#### Engagement with suppliers, customers and others in a business relationship with the trust

Compass Academy Trust recognises the importance of maintaining good business relationships with its suppliers. We have a clear procurement policy to ensure that suppliers are treated in an even-handed manner. The performance of and relationship with key suppliers is constantly monitored to ensure that we treat suppliers fairly, ensuring that payment terms are adhered to and that we comply with contractual obligations placed upon the Trust. We encourage an open and ongoing dialogue with suppliers to ensure that we conduct our business with them in a professional commercial manner.

#### **Objectives, strategies and activities**

##### Objectives, strategies and activities

##### Objects and aims

Our objects and aims, described below, put students at the heart of all that we do. We have described our main achievements within the strategic priorities and also how we have performed against our objectives. We are committed to ensuring that we maintain strong and effective relationships with students, parents and wider stakeholders in the community.

The Academy Trust's objects are:

- a. 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").
- b. 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

2021/2 saw some ongoing challenge and strain put on schools due to the Covid19 pandemic with staff absence and the challenge of educational recovery impacting on capacity to fully meet all our strategic aims although good progress was made in many areas,

The main objectives for Compass Academy Trust during 2021-2 continued to be centred round our three strategic 'anchors':

- Excellence in Provision & Outcomes for Children
- Growth & System Leadership
- Financial & Operational Sustainability



# **COMPASS ACADEMY TRUST**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2022**

---

Strategic Priorities were determined as follows:

#### **1. CURRICULUM**

##### **THE WHY**

Compass Academy Trust is a family of schools working together to provide rich educational opportunities and experiences which enable all children to thrive.

We must therefore aim to provide a curriculum that enables them to do so – one that is holistic, ambitious, broad, balanced and global that enables children to succeed and be ready to meet the world and contribute to it.

##### **EXPECTED OUTCOMES**

- CAT has developed and implemented a curriculum with high ambition that develops the whole child and leads to high quality outcomes both academically and holistically.
- Where possible, Trust-wide approaches will be used in the collaborative design and delivery.
- Subject Leaders are enabled to ensure that the standard in each curriculum subject is of the highest standards in each CAT school.
- Subject Leaders work together to develop and consistent curriculum materials & resources and lead high quality training to enable teachers to confidently deliver the curriculum
- Learning environments celebrate curriculum outcomes through high- quality display.
- All stakeholders enthusiastically engage with the inspiring curriculum that we develop and deliver.

##### **SUMMARY OF ACHIEVEMENT**

A clear vision for the curriculum at a Trust level has been developed and committed to establish key features that each school's local delivery of the curriculum should achieve. Subject Leaders worked collaboratively to develop a clear subject domain level progression for each of the national curriculum subjects to ensure that learning is well sequenced. Implementation at a school level has taken place but this will need to be embedded during 2022-3 and rigorously quality assured. Schools recognised that evidence based approaches are vital in delivering the curriculum so that children learn more and remember more, effecting a change in long-term memory.

#### **2. QUALITY ASSURANCE & CONTROL**

##### **THE WHY**

The journey in pursuit of excellence is only successful when we are clear about where we are, where we want to get to and plan the route carefully. Quality Assurance is about planning the systems/processes/approaches that mitigate failure. It enables us to be clear about our expectations and ensure that high standards are systemic and not teacher dependent. Quality Control is monitoring success towards where we want to be or the standard, we have set to evaluate how far we are achieving our aims.

Such twin approaches enable us to have an intentional and coordinated approach to implementing strategic plans, adapting them in the light of monitoring and evaluation and presenting evidence for accountability purposes.

##### **EXPECTED OUTCOMES**

- Quality assurance is optimised through high leadership of curriculum, teaching and learning.
- The curriculum aims are met and embedded.
- Quality control clearly supports school self- evaluation (SEF) and development of improvement priorities.

##### **SUMMARY OF ACHIEVEMENT**

Quality assurance was carried out at a local and Trust level as capacity allowed. In common with the national picture, some schools struggled to enable enough time for this activity due to staff shortages and focus on educational recovery in core subject. We recognised as a Trust, that at a central level more capacity was needed to both provide a consistent approach within schools and ensure that the collaborative work undertaken was fully implemented. Further capacity has been created for 2022-3 with the establishment of an Executive Headteacher and collaborative support from another local Trust.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2022

---

#### 3. DEVELOPMENT OF ICT

##### THE WHY

We live in a digital age with increasing reliance on technology for enabling learning and life. Children in our schools have never known life without digital technology or the internet. It is important that we both embrace and enable learning in schools appropriately with ICT as well as bring about efficiencies and effectiveness about how we operate as an organisation through its use. Currently we have an inequitable position in our schools both in terms of the availability of technology and the skills in using it. There is a need to establish a clear ICT strategy and a minimum offer within our schools both in terms of ICT supporting the curriculum, teaching, learning and assessment and upskilling practitioners to exploit its potential to the full.

##### EXPECTED OUTCOMES

- A clear ICT strategy will be in place for the Trust to deliver the curriculum (including Computing) and provide means for cost effective infrastructure for the organisation in terms of communication, collaboration and management information.
- There will be a clear plan to enable equity of provision (minimum offer) by way of hardware and needs-driven impactful software in each school. There will be a clear understanding of academic & wider ICT infrastructure needs and a sustainable plan for renewals.
- Subject Leaders are enabled to ensure that the standard of ICT across the curriculum, and Computing as an individual subject domain are of the highest standards in each CAT school, with clear knowledge and skills progression.

##### SUMMARY OF ACHIEVEMENT

We established an executive lead for the Trust to develop a clear strategy for effectively delivering the ICT & Computing curriculum to ensure that we provide a Core Offer for every Compass Child. This resulted in a decision by the Board to spend from reserves to put in place iPad tablet hardware for each school meaning that every year group has a bank to draw upon. This will be fully implemented in 2022-3. A lead teacher has been appointed to support teacher training across the Trust so that staff are confident in using the hardware and delivering the curriculum. SeeSaw – an interactive class-based storage and collaborative suite of software will also be rolled out in the three remaining schools to further enhance teaching and learning approaches. At a management information level, the Director of Finance & Operations, ensured the smooth transition from SIMS to Arbor which we will embed and exploit the capabilities of during 2022-3 for both staff and pupil level information.

#### 4. INCLUSION & SAFEGUARDING

##### THE WHY

All children who attend our schools are entitled to feel and to be safe and we have statutory obligations to ensure that standards of safeguarding meet requirements and that we develop a culture of safeguarding with all members of our school/Trust communities. We need to best use of the collective expertise and resources across the Trust to deliver this. Children come with a variety of needs including those of disadvantage and where specific Special Educational Needs and Disabilities have been determined. We need to ensure that we both understand those needs and how we can be innovative in how we provide for them across the Trust against the context of rising needs against limited funding.

##### EXPECTED OUTCOMES

- Common procedures and systems and reporting will be in place across the Trust using Safeguard.
- A Trust Safeguarding Lead will be established to ensure that schools are following best practice and quality assurance processes are in place.
- All schools will have clear impactful plans in place for use of the Pupil Premium Grant, Recovery Premium and the Sports Grant.
- Best practice will be established across the Trust for the delivery of SEND provision making best use of expertise and provision. This may result in structural changes following the review of current practice.

##### SUMMARY OF ACHIEVEMENT

All schools now use the Safeguard system for safeguarding and an appointed Trust lead has put together consistent procedures to be followed. This will ensure easy access to reporting safeguarding concerns to Designated Safeguarding Leads (or their deputies). Schools met statutory requirements with regards to determining the use of and meeting reporting requirements for the Pupil Premium Grant, Recovery Premium and the Sports Premium Grant.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2022

---

It was not possible to make use of all the Tutoring grants due to the lack of availability of internal staff or high quality external tutors. Schools will seek to make better use of this during 2022-3 in conjunctions with the Pupil Premium Grant to meet the additional 40% costs that schools have to pay. SEND continues to provide challenge financially as the number of children with additional needs in our schools increases, particularly those who need an EHC Plan. The first £6000 that schools are required to provide for each child in this instance is not easily balanced within the funding of core budgets. The government are undertaking a review of SEND which we await the outcome of following input into the consultation. Inclusion staff across the Trust have worked collaboratively together during the year and a joint Inclusion Leader over two schools was appointed. Schools were also given the option of appointing a SENCO Assistant to support the work of inclusion and SEND, given the increasing workloads being seen.

#### 5. EDUCATIONAL & FINANCIAL SUSTAINABILITY

##### THE WHY

The DfE has stated that they remain committed to all schools being part of a strong multi-academy trust going forwards. As a small trust we know the value of being a MAT but also recognise the challenges of rising costs that outstrip increases in funding. To remain financially and as a result, educationally sustainable we will need to grow to achieve greater economies of scale and capacity – either by other schools joining us (such as SATs or a small MAT); working with other Trusts to find ways to collaborate formally; or by CAT joining another suitable Trust. It will always be important to be as efficient and efficacious as possible with our resources and so we must remain focused on working tactically to generate income, maximize pupil numbers and review posts as natural wastage occurs or service contracts are renewed; as well as planning strategically to secure the Trust's long-term future.

##### EXPECTED OUTCOMES

- Key non-negotiables for the Trust determined and articulated.
- Due diligence process developed for assessing schools/trusts
- Clear understanding of local context of SATs/MATs
- Ongoing dialogue with RSC (DFE established)
- Preferred option to pursue in 2022-3 established
- Lettings re-established to pre-Covid levels. Budget assumptions met
- Profitable wrap around care established in all schools
- ICT service contract re-tendered and procured

##### SUMMARY OF ACHIEVEMENT

The Trust has formed a strong collaborative partnership with a neighbouring Trust in Bromley (and Kent) that has given rise to discussions about a potential merger. This was after horizon-scanning and having discussions with other local MATs and SATs that we have a working relationship with. A period of due diligence started in the Summer term 2022 and will continue to ensure that each party understands the nature and the risks in each organisation. Discussions have taken place with the DfE who are supportive and have offered support. Once the due diligence is completed, a decision will be made on whether to proceed with a merger and the timing attached to that. At a local level, the management of external lettings has been centralised within the Central Team who have a clear remit to optimise lettings for income generation. We have seen a good increase since 2020-1 although we are yet achieving pre-pandemic levels of usage. This will remain a clear focus for 2022-3. Internal Wrap around care has not been extended to the schools who use private providers yet given the volatility in this particular market due to parents' changing work patterns. Where the provision is well-established, we continue to review and promote this in order to achieve at a break even point as a minimum. It was also decided given the strong merger conversations to delay the ICT support contract, particularly as we are able to renew on an annual basis.

#### 6. ENVIRONMENTAL SUSTAINABILITY

##### THE WHY

As a publicly funded organisation which focuses on delivering high quality education that enables children to be next steps ready for education and their lives. We also want to enable them to be responsible global citizens which also means we must lead by example in how we care for the environment and the environmental challenges that the world faces. We therefore should proactively seek to operate our organisation in a way that actively reduces our negative impact and strategically plans to bring about measurable improvement.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2022

---

#### EXPECTED OUTCOMES

- The Trust will be clear about the current areas that have the most negative environmental factors.
- A strategy and plan will be developed for the Trust and school by school to reduce the negative impacts
- School communities will be engaged to support environmental impact improvement (e.g. through Eco-councils and awards)

#### SUMMARY OF ACHIEVEMENT

The Trust has focused capital grant bids on projects that will improve energy efficiency within our schools. It has been successful in securing a new energy efficient boiler and heating system in two schools and LED lighting in another school. Whilst energy usage increased during the pandemic with ventilation a key priority, the streamlined energy and carbon report shows a reduction in CO2 emissions in 2021/2022, closer to pre-pandemic levels.

#### 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.

#### 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.

#### 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.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2022

The following balances were held at 31 August:

Fund	Category	2022 £'000	2021 £'000
GAG	Restricted General Funds	-	-
Other DfE/ESFA Grants	Restricted General Funds	-	104
Other Government Grants	Restricted General Funds	-	-
Other Income	Restricted General Funds	-	2
<b>Sub-total General Restricted Funds</b>		<b>-</b>	<b>106</b>
Unspent Capital Grants	Restricted Fixed Asset Fund	232	244
Other Income	Unrestricted General Fund	1,111	846
<b>Sub-Total Spendable Funds</b>		<b>1,343</b>	<b>1,196</b>
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	32,472	32,568
Share of LGPS Deficit	Restricted Pension Reserve	(221)	(3,345)
<b>Total All Funds</b>		<b><u>33,594</u></b>	<b><u>30,419</u></b>

During the year under review, there was a decrease of £106k (2021: increase of £753k) on general restricted funds, an increase of £265k (2021: decrease of £622k) on unrestricted funds and after LGPS valuation adjustments, depreciation and capital income and expenditure, an overall increase of £3,175k (2021: decrease of £477k).

Trustees have kept income and expenditure closely monitored throughout the year to ensure income and expenditure remains within planned budgets.

The financial position of the Trust has improved significantly over the past financial year. This was part of a strategic plan to prepare for a reduction in funding in 2022/2023 due to pupil numbers and the loss of a bulge class.

A staffing restructure was undertaken at one school and staffing structures have been adapted through natural wastage at the other 3 schools to ensure staffing levels are moving towards a more financially sustainable model. All premises related expenditure is managed through the central business services team to ensure it is directed to areas of need and that programmes of works are organised strategically through asset management plans.

During the year, planned significant spending took place on a building improvement project at Marian Vian, funding for which was from a CIF capital grant awarded in the prior year and on the provision of iPads to Oak Lodge, Unicorn and Wickham Common from reserves under Phase 1 of the Trust ICT Strategic Plan.

The most significant area of increased expenditure in-year was supply cover relating to staff long term sickness absence and unfilled staff vacancies. The Long Term Sickness Scheme held 'in-house' was used to support schools during a challenging year of absence.

The key factors that are likely to affect the Trust's financial position going forward are the unfunded Teachers Pay Award, reduced funding as a result of pupil numbers and the cost of inflation affecting services and supplies. The Trust has a fixed energy contract until October 2024 and will monitor the situation closely over the next 18 months and review the options available before the contract expires.

#### Reserves policy

From 1 September 2020, all Trust reserves have been centralised. A reserves policy is in place to ensure that funds are used efficiently and effectively to support the financial sustainability of the Trust and to ensure Trust assets are proactively managed based on a prioritised annual plan. The policy states that reserves spend will be driven by Trust-wide strategic priorities in any given year

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2022

---

Reserve levels continue to be monitored throughout the year by the Board of Trustees through consideration of financial and other reports prepared and presented by the Director of Finance and Operations and/or the Accounting Officer. During the year reserves have been used to support the delivery of the ICT strategic plan.

#### 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 on behalf of the Board. A central risk register which includes all schools and the Trust was reviewed and updated termly, with onward reporting to the Board. Work has been undertaken to ensure that this central register is based on input from a balanced range of stakeholders, and that school specific risks are adequately captured.

In September 2021, a Covid Outbreak Management Plan based on the DfE Contingency Framework was put in place for each school which was subject to review and challenge by Local Governing Bodies.

Risk management continues to be an inherent consideration for the four schools and their local governing bodies as well as at trust level. Trust level risk reporting aids the identification of key risks and strengthens decision making. Work will continue to leverage risk reporting to ensure that effective mitigating activities are implemented at a trust and school level on a timely basis. More generally, 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 Trust is exposed, in particular those relating to academic performance, finances and child welfare. The major risks are:

- Financial sustainability and effective use of resources, primarily in the context of future grant settlements failing to cover increases in related expenditure.
- Failure to manage medium to long term financial sustainability.
- Competition from other schools in respect of admissions.
- Staff recruitment and retention in challenging employment markets.
- Loss of a critical service due to staffing or availability of supplies.
- Cyber security.

The principal financial risk faced by the Trust is that income does not meet essential expenditure because of grant settlements and local competition resulting in a reduction in 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, but the Trust recognises that the current economic climate and other external factors will have an impact. The future growth of the Trust is a key area of focus to mitigate the risk of long term financial sustainability for the Trust.

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.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2022

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 2022 and the associated expenditure are shown as restricted funds in the statement of financial activities.

#### Our fundraising practices

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, websites and via students.

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

The COVID-19 pandemic continued to impact the Trust's fundraising activities in Autumn 2021 however as the financial year progressed fundraising activities resumed to near pre – COVID-19 levels.

#### Streamlined energy and carbon reporting (SECR)

UK Greenhouse gas emissions and energy use data for the period	1 September 2021 to 31 August 2022	September 2020 to 31 August 2021
Energy consumption used to calculate emissions (kWh)	2,524,594	3,018,749
Energy consumption break down (kWh) <ul style="list-style-type: none"><li>• gas,</li><li>• electricity,</li><li>• transport fuel</li></ul>	1,905,023 617,001 2,221	2,223,392 793,911 1,038
<u>Scope 1 emissions in metric tonnes CO2e</u> Gas consumption Owned transport – mini-buses <u>Total scope 1</u>	348.92 0.54 349.47	407.24 0.22 407.46
<u>Scope 2 emissions in metric tonnes CO2e</u> Purchased electricity	131.01	168.57
<u>Scope 3 emissions in metric tonnes CO2e</u> Business travel in employee owned vehicles	0.02	0.03
Total gross emissions in metric tonnes CO2e	480.49	576.06
<u>Intensity ratio</u> Tonnes CO2e per pupil	0.23	0.27

#### Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2022

---

#### Intensity measurement

The intensity measure we are using as a trust assessed the Tonnes of CO2e emitted per pupil and in our accounts for 2020 - 2021 the intensity ratio was 0.27. The decrease in the ratio to 0.23 for 2021/2022 is thought to be a result of:

- reduction in energy consumption with the absence of large capital projects – previously in 2020/2021 CIF projects were being undertaken in all 4 schools with works taking place at evenings, weekends and school holidays;
- reduction in heating costs as the climate was generally warmer across the year;
- new energy efficient boilers installed in two schools; and
- a rolling programme to install LED lighting.

#### Measures taken to improve energy efficiency

In order to improve energy efficiency, Compass Academy Trust has taken the following steps:

- installed a new boiler and heating system at Oak Lodge and a new boiler at Marian Vian;
- invested in LED fittings as they are a more energy efficient source of lighting;
- installed smart meters in all of our schools to improve our understanding of energy consumption; and
- increased video conferencing technology for staff meetings and LGB/Trustee meetings to reduce the need for travel between sites.

We will continue to pursue energy efficiency measures whenever this is practically and economically possible. Measures planned to improve energy efficiency include:

- the application for CIF funding for the replacement of old and inefficient boilers at Wickham Common and Marian Vian;
- the application for CIF funding for roof repairs and improved insulation;
- to focus on environmental sustainability as part of the Trust strategic plan;
- review of staff energy usage and introduce policy for best practices to promote and improve energy efficiency ; and
- continued investment in LED lighting.

#### Plans for future periods

This year's Trust and School Development Plans closely align to meet some common goals that enable our schools to operate as a family of schools where the provision for children is both equitable, efficacious in its delivery and aims for excellence. We have made a commitment to adopt some key principles to focus our work this year:



Given the continued impact on staff absence and capacity during the last year, we will focus our attention on those areas that we made limited progress on and continue to proceed with our strategic aims, in particular ensuring that we are educationally and financially sustainable at a time of pressure on school's funding and the wider global economic turbulence.

Our aims are always to work out our Vision and demonstrate our core values for our school communities ensuring that both children and staff are **Respectful, Resilient and Resourceful**.



# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2022**

### **Cherishing Children and their Futures**

Compass Academy Trust is a family of schools working together to provide rich educational opportunities and experiences which enable all children to thrive.

**Happy, Safe & Secure** - We will ensure that all children are nurtured and learn within an environment where they feel and are happy, safe and secure. We will actively build trust and collaboration between all members of our school communities and across the Trust as a whole

**Inspirational Curriculum** - Our curriculum will be broad, balanced and enable deep, purposeful learning to take place through exciting, memorable and joyous experiences that enables children to meet the world and contribute to it.

**High Academic and Wider Outcomes** - We will never put a ceiling on learning and constantly look for opportunities for all pupils to excel, enabling all pupils to thrive and celebrate their achievements.

**Next Steps Ready** - We will work collaboratively with all parties to ensure that children are ready for the next steps in their education and in their lives.

Our **Strategic Objectives for 2022-23** are therefore as follows with key outcomes/focus areas detailed in brief.

### **1. High Quality Education for All**

#### Quality of Education

- Curriculum provision embedded and effective [Intent – Implementation – Impact (including national outcomes)]
- Equality Diversity & Inclusion (EDI) aspects evaluated and reviewed
- ICT/Computing project fully implemented in all schools and impact evaluated

#### Behaviour & Attitudes

- Common principles for behaviour management and inclusion implemented
- Attendance is above national in all schools and effective strategies are in place to deal with those whose attendance is poor
- Metacognition developed and understood by adults and children

#### Personal Development

- Intentional, progressive, ambitious curriculum for personal development
- Children's mental health prioritized

#### Leadership & Management

- Distributed leadership model embedded through the intentional development of middle and senior leaders through coaching, mentoring and professional development (e.g NPQs)
- Culture of EDI built through awareness and training
- Develop a trust wide framework for continual professional learning at all career stages.

### **2. Educational & Financial Sustainability**

- Due diligence leads to decision regarding possible merger
- Stakeholder consultation has taken place and been evaluated
- DfE (Regional Director) has approved decision
- Develop project plan to effect a merger, as required
- Tactically, optimize income generation through lettings including the nursery facility at Marian Vian

### **3. Embed and develop Business Services**

- Develop knowledge and skills within Central Team to build resilience

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2022**

---

- Embed Finance System and exploit reporting capability
- Develop HR Strategy to support recruitment, retention and wellbeing
- Embed Arbor and exploit wider functionality and reporting
- Enhance cyber security arrangements via cloud based operations and 2-factor authentication.
- Seek environmental opportunities to reduce carbon footprint whilst reviewing/renewing Asset Management Plans
- Work in partnership with Harrison's (catering) to maintain a viable schools meals offer

### **Funds Held as Custodian Trustee**

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

### **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 15 December 2022 and signed on its behalf by:



.....  
A Medhurst

**Chair of Trustees**

# COMPASS ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2022**

---

### 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 mis-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
L Anim Addo (resigned 10 August 2022)	7	7
G Arbuckle	6	7
J Couch	6	7
W Giles	5	7
J Forsyth	3	7
A Medhurst (Chairperson)	7	7
T Robin (Vice Chairperson)	6	7
G Walters	6	7

Board changes during the year were the resignation of L Anim Addo. The challenges for the Board were to ensure the ongoing effective and efficient management of resources to support the Trust's financial sustainability and to consider the future strategic direction of growth for the Trust.

### Conflict of interest

Conflict of interest forms are issued to all Trustees, Governors and senior members of staff by the Governance Manager at the beginning of the Autumn Term. The complete register of interests is published on the Trust and school websites and is issued to relevant staff for use in the day-to-day management of trust activities to avoid conflicts of interest.

### Governance reviews

*On 1<sup>st</sup> September 2021, the Trust's Chief Executive Officer (previously contracted from another Trust) became an employee of Compass Academy Trust with the role as the Accounting Officer but not as a Trustee. To ensure robust governance and that the role of Accounting Officer was being fulfilled effectively, the Chair of Trustees met with the Chief Executive Officer on a regular basis to discuss progress against objectives and ongoing priorities. Performance management was performed in conjunction with a number of other Trustees who provided further challenge and support in ensuring the fulfilment of the CEO role remained effective and appropriate for the period ended 31 August 2022.*

*The Board met during 2020/2021 to review its effectiveness and evaluate its skills base and develop improved governance arrangements. The Governance Manager collated the returns from the NGA skills audit completed by Trustees and Local Governors to form a skills matrix identifying gaps for recruitment, CPD requirements and succession planning.*

# COMPASS ACADEMY TRUST

## GOVERNANCE STATEMENT

### FOR THE YEAR ENDED 31 AUGUST 2022

---

The Resources & Audit Committee is a sub-committee of the main Board. It obtains regular reports from the Chief Financial Officer/Director of Finance and Operations. 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 six times during the year.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
G Arbuckle	6	6
J Couch (Chairperson)	6	6
A Medhurst	6	6
G Walters	4	6
J Forsyth	3	6

#### 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. Value for money remains an inherent consideration in both the setting of our wider strategy and objectives for the year, and as an important measure in our ongoing assessment of achievements and performance.

With grant allocations not keeping pace with real time cost increases and falling pupil numbers on roll, 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 centralised Finance & Business Services function is now well established, and continues to deliver increasingly effective and efficient services, as well as financial savings. The Trust continues to review opportunities to further improve the function to ensure value for money continues to be delivered.
- A number of Trust-wide contracts have been implemented. The most significant of these is catering, where from 1 September 2021, one provider has operated across all four schools for the first time.
- The Trust has centralised the 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.
- A senior leadership staffing restructure using a new distributed leadership model to ensure effective management of staff as well as curriculum leadership.
- Combined teaching and learning training and work across Trust-wide curriculum subject Teams to support staff and enable the greater spread of experience and knowledge.
- The Trust introduced a new cloud based finance system and adopted the ESFA Chart of Accounts in April 2021. This has eliminated wasteful information transfer between separate school-based and central systems and provides a set of consolidated accounts to aid the completion of financial returns.
- The Trust has introduced a new cloud based Management Information System with a MAT central dashboard for improved access to pupil and staff data and the facility to compare statistics across the Trust.

#### **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 2022 and continues up to the date of approval of the annual report and financial statements.

# COMPASS ACADEMY TRUST

## GOVERNANCE STATEMENT

### FOR THE YEAR ENDED 31 AUGUST 2022

---

#### Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees.

#### 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 School Resource Management Self-Assessment Tool was completed by the Trust in April 2022 and reviewed by the Resources and Audit committee. The summary highlighted the need for:

- the governance induction programme to be reviewed and personalised to reflect the different layers of governance;
- the ongoing targeted cost efficiencies of centralised procurement;
- the review of income generation; and
- ensuring that forecasts are as accurate as possible.

The internal scrutiny programme for 2021/2022 was based on an assessment of risk. The Trust agreed the scope of work 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 and key non-financial responsibilities. During 2021/22, reviews included Trustee Induction, Website Compliance, Monthly Financial Controls, Fund Accounting, Payroll and Procurement.

Overall these monitoring checks on the Trust's systems show a high level of proper practice and compliance with no significant recommendations for improvement. Joint work on potential efficiencies and sharing good practice from other Trusts continues as well as regular meetings with peers in other Trusts.

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.

# COMPASS ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2022**

---

### 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:

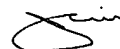
- the work of the Internal Auditor
- the work of the External Auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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 15 December 2022 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 2022***

---

As accounting officer of Compass Academy Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and 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 Academy Trust Handbook 2021.

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 Academy Trust Handbook 2021.

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**

15 December 2022

# COMPASS ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2022**

---

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 2021 to 2022 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2019 and the Academies Accounts Direction 2021 to 2022;
- 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 15 December 2022 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 2022**

---

### Opinion

We have audited the Financial Statements of Compass Academy Trust for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the Financial Statements, including 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 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the Financial Statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 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 2019 and the Academies Accounts Direction 2021 to 2022.

### 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the Financial Statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the Financial Statements themselves. 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 2022**

---

### **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 has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal assurance reports.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **COMPASS ACADEMY TRUST**

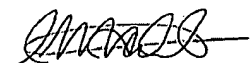
## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS ACADEMY TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

---

### **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.



**Louise Hallsworth FCA (Senior Statutory Auditor)**  
**for and on behalf of Baxter & Co**

20 December 2022  
.....

**Chartered Certified Accountants**  
**Statutory Auditor**

Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

# COMPASS ACADEMY TRUST

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

**FOR THE YEAR ENDED 31 AUGUST 2022**

---

In accordance with the terms of our engagement letter dated 17 May 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, 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 2021 to 31 August 2022 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 Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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 internal scrutiny implemented by the Academy Trust in order to comply with its obligations under 3.1 of the Academy Trust Handbook 2021, issued by the ESFA.

# COMPASS ACADEMY TRUST

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

**FOR THE YEAR ENDED 31 AUGUST 2022**

---

### 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 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Baxter & Co.*

### Reporting Accountant

Baxter & Co  
Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

Dated: 20 December 2022

# COMPASS ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Unrestricted funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2022 £'000	Total 2021 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	2	37	365	404	80
Charitable activities:						
- Funding for educational operations	4	338	10,050	-	10,388	9,777
Other trading activities	5	283	-	-	283	168
<b>Total</b>		<u>623</u>	<u>10,087</u>	<u>365</u>	<u>11,075</u>	<u>10,025</u>
<b>Expenditure on:</b>						
Raising funds	6	9	-	-	9	3
Charitable activities:						
- Educational operations	8	349	10,671	551	11,571	10,807
<b>Total</b>	6	<u>358</u>	<u>10,671</u>	<u>551</u>	<u>11,580</u>	<u>10,810</u>
<b>Net income/(expenditure)</b>		265	(584)	(186)	(505)	(785)
Transfers between funds	16	-	(78)	78	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains on defined benefit pension schemes	18	-	3,680	-	3,680	308
<b>Net movement in funds</b>		265	3,018	(108)	3,175	(477)
<b>Reconciliation of funds</b>						
Total funds brought forward		846	(3,239)	32,812	30,419	30,896
Total funds carried forward		<u>1,111</u>	<u>(221)</u>	<u>32,704</u>	<u>33,594</u>	<u>30,419</u>

# COMPASS ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2022

Comparative year information Year ended 31 August 2021	Notes	Unrestricted funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2021 £'000
<b>Income and endowments from:</b>					
Donations and capital grants	3	8	39	33	80
Charitable activities:					
- Funding for educational operations	4	181	9,596	-	9,777
Other trading activities	5	166	2	-	168
<b>Total</b>		<b>355</b>	<b>9,637</b>	<b>33</b>	<b>10,025</b>
<b>Expenditure on:</b>					
Raising funds	6	3	-	-	3
Charitable activities:					
- Educational operations	8	193	10,068	546	10,807
<b>Total</b>	<b>6</b>	<b>196</b>	<b>10,068</b>	<b>546</b>	<b>10,810</b>
<b>Net income/(expenditure)</b>		<b>159</b>	<b>(431)</b>	<b>(513)</b>	<b>(785)</b>
Transfers between funds	16	(781)	710	71	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	18	-	308	-	308
<b>Net movement in funds</b>		<b>(622)</b>	<b>587</b>	<b>(442)</b>	<b>(477)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		1,468	(3,826)	33,254	30,896
Total funds carried forward		846	(3,239)	32,812	30,419

# COMPASS ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2022

		2022	2021
	Notes	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	12	32,472	32,568
<b>Current assets</b>			
Debtors	13	386	460
Cash at bank and in hand		1,721	1,503
		2,107	1,963
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(764)	(767)
<b>Net current assets</b>		1,343	1,196
<b>Net assets excluding pension liability</b>		33,815	33,764
Defined benefit pension scheme liability	18	(221)	(3,345)
<b>Total net assets</b>		33,594	30,419
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	16		
- Fixed asset funds		32,704	32,812
- Restricted income funds		-	106
- Pension reserve		(221)	(3,345)
<b>Total restricted funds</b>		32,483	29,573
<b>Unrestricted income funds</b>	16	1,111	846
<b>Total funds</b>		33,594	30,419

The Financial Statements on pages 28 to 51 were approved by the trustees and authorised for issue on 15 December 2022 and are signed on their behalf by:

*A Medhurst*

A Medhurst  
Chair of Trustees

Company registration number 09323096



# COMPASS ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £'000	£'000	2021 £'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	19		308		1,492
<b>Cash flows from investing activities</b>					
Capital grants from DfE Group		309		33	
Capital funding received from sponsors and others		56		-	
Purchase of tangible fixed assets		(455)		(1,421)	
<b>Net cash used in investing activities</b>			(90)		(1,388)
<b>Net increase in cash and cash equivalents in the reporting period</b>			218		104
Cash and cash equivalents at beginning of the year			1,503		1,399
<b>Cash and cash equivalents at end of the year</b>			1,721		1,503

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

---

### 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

#### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The 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.

##### Donations

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

##### Other income

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

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 1 Accounting policies

(Continued)

#### 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.

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 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.

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

---

### 1 Accounting policies

(Continued)

#### 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 under operating leases are charged on a straight-line basis over the lease term.

#### 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.

#### 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 and the liabilities are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated 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 based on 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.

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

---

### 1 Accounting policies

(Continued)

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 net income or expenditure 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.

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 18, will impact on 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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.

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Total 2021 £'000
Capital grants	-	309	309	33
Other donations	2	93	95	47
	<u>2</u>	<u>402</u>	<u>404</u>	<u>80</u>

### 4 Funding for the academy trust's charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Total 2021 £'000
<b>DfE/ESFA grants</b>				
General annual grant (GAG)	-	8,903	8,903	8,051
Other DfE/ESFA grants:				
- UIFSM	-	309	309	317
- Pupil premium	-	285	285	241
- Others	-	245	245	580
	<u>-</u>	<u>9,742</u>	<u>9,742</u>	<u>9,189</u>
<b>Other government grants</b>				
Local authority grants	-	266	266	222
	<u>-</u>	<u>266</u>	<u>266</u>	<u>222</u>
<b>COVID-19 additional funding</b>				
<b>DfE/ESFA</b>				
Catch-up premium	-	-	-	170
Other DfE/ESFA COVID-19 funding	-	36	36	-
<b>Non-DfE/ESFA</b>				
Coronavirus job retention scheme grant	-	-	-	9
	<u>-</u>	<u>36</u>	<u>36</u>	<u>179</u>
<b>Other funding</b>				
Catering income	176	-	176	121
Other incoming resources	162	6	168	66
	<u>338</u>	<u>6</u>	<u>344</u>	<u>187</u>
<b>Total funding</b>	<u>338</u>	<u>10,050</u>	<u>10,388</u>	<u>9,777</u>

The academy trust has been eligible to claim additional funding in the year from government support schemes in response to the Coronavirus outbreak. The funding received is shown above under "COVID-19 additional funding".

- The funding received for coronavirus exceptional support covers £36K of staff costs. These costs are included in notes 6 and 8 below as appropriate

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Total 2021 £'000
Hire of facilities	115	-	115	56
Income from facilities and services	161	-	161	110
Other income - revenue	7	-	7	2
	<u>-283</u>	<u>-</u>	<u>283</u>	<u>168</u>

### 6 Expenditure

	Staff costs £'000	Non-pay expenditure Premises £'000	Other £'000	Total 2022 £'000	Total 2021 £'000
Expenditure on raising funds					
- Direct costs	6	-	3	9	3
Academy's educational operations					
- Direct costs	7,167	441	558	8,166	7,673
- Allocated support costs	1,725	827	853	3,405	3,134
	<u>8,898</u>	<u>1,268</u>	<u>1,414</u>	<u>11,580</u>	<u>10,810</u>

Net income/(expenditure) for the year includes:

	2022 £'000	2021 £'000
Fees payable to auditor for:		
- Audit	12	12
- Other services	8	8
Operating lease rentals	13	6
Depreciation of tangible fixed assets	551	546
Net interest on defined benefit pension liability	57	54
	<u></u>	<u></u>

Included within expenditure are the following transactions:

	2022 £
Gifts made by the academy trust - total	<u>115</u>

Clarification – While the majority of disclosure in these accounts are rounded to £'000, the disclosure of gifts made is not. The value of gifts for the year is £115 (and not £115k).

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2022

#### 7 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 £125 per pupil, depending on the service provided plus a split of costs based on 1/5 form entry.

The amounts charged during the year were as follows:

	2022 £'000	2021 £'000
Oak Lodge Primary School	319	290
Marian Vian Primary School	344	324
Wickham Common Primary School	219	203
Unicorn Primary School	249	231
	<u>1,131</u>	<u>1,048</u>

#### 8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Total 2021 £'000
<b>Direct costs</b>				
Educational operations	83	8,083	8,166	7,673
<b>Support costs</b>				
Educational operations	266	3,139	3,405	3,134
	<u>349</u>	<u>11,222</u>	<u>11,571</u>	<u>10,807</u>

#### Analysis of costs

	2022 £'000	2021 £'000
<b>Direct costs</b>		
Teaching and educational support staff costs	7,167	6,877
Staff development	24	18
Depreciation	441	437
Technology costs	50	78
Educational supplies and services	187	138
Educational consultancy	70	37
Other direct costs	227	88
	<u>8,166</u>	<u>7,673</u>



# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 8 Charitable activities

(Continued)

#### Support costs

Support staff costs	1,226	1,142
Defined benefit pension scheme - staff costs (FRS102 adjustment)	499	420
Staff development	7	6
Depreciation	110	109
Technology costs	97	88
Maintenance of premises and equipment	161	111
Cleaning	184	174
Energy costs	180	191
Rent, rates and other occupancy costs	134	143
Insurance	51	47
Security and transport	8	5
Catering	476	395
Defined benefit pension scheme - finance costs (FRS102 adjustment)	57	54
Legal costs	5	2
Other support costs	186	226
Governance costs	24	21
	<u>3,405</u>	<u>3,134</u>

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2022 £'000	2021 £'000
Wages and salaries	6,158	5,996
Social security costs	581	546
Pension costs	1,412	1,389
Defined benefit pension scheme – staff costs (FRS102 adjustment)	499	420
Staff costs - employees	<u>8,650</u>	<u>8,351</u>
Agency staff costs	234	88
Staff restructuring costs	14	-
Total staff expenditure	<u>8,898</u>	<u>8,439</u>

Staff restructuring costs comprise:

Redundancy payments	<u>14</u>	<u>-</u>
---------------------	-----------	----------

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 9 Staff

(Continued)

#### Staff numbers

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

	2022 Number	2021 Number
Teachers	95	103
Administration and support	188	179
Management	16	12
	<u>299</u>	<u>294</u>

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

	2022 Number	2021 Number
Teachers	76	78
Administration and support	87	83
Management	13	10
	<u>176</u>	<u>171</u>

#### Higher paid staff

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

	2022 Number	2021 Number
£60,000 - £70,000	4	5
£70,001 - £80,000	2	1
£80,001 - £90,000	2	2
	<u>8</u>	<u>8</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 key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £909,435 (2021: £936,091).

### 10 Trustees' remuneration and expenses

None of the trustees have been paid remuneration or have received other benefits from an employment with the academy trust. During the year £nil (2021: £84) of expenses was reimbursed to 0 Trustees (2021: 1 Trustee).

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 11 Trustees' and officers' insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy 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.

### 12 Tangible fixed assets

	Leasehold land & buildings	Plant & machinery	Computer equipment	Fixtures, fittings & equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 September 2021	34,831	102	389	245	55	35,622
Additions	275	4	131	45	-	455
At 31 August 2022	35,106	106	520	290	55	36,077
<b>Depreciation</b>						
At 1 September 2021	2,365	53	373	208	55	3,054
Charge for the year	455	11	54	31	-	551
At 31 August 2022	2,820	64	427	239	55	3,605
<b>Net book value</b>						
At 31 August 2022	32,286	42	93	51	-	32,472
At 31 August 2021	32,466	49	16	37	-	32,568

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

### 13 Debtors

	2022 £'000	2021 £'000
Trade debtors	68	27
VAT recoverable	114	57
Prepayments and accrued income	204	376
	386	460

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2022

#### 14 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	155	213
Other taxation and social security	136	138
ESFA creditors	20	-
Other creditors	176	169
Accruals and deferred income	277	247
	<u>764</u>	<u>767</u>

#### 15 Deferred income

	2022 £'000	2021 £'000
Deferred income is included within:		
Creditors due within one year	<u>235</u>	<u>199</u>
Deferred income at 1 September 2021	199	215
Released from previous years	(199)	(215)
Resources deferred in the year	<u>235</u>	<u>199</u>
<b>Deferred income at 31 August 2022</b>	<u><b>235</b></u>	<u><b>199</b></u>

Deferred Income at 31 August 2022 includes grant income received in advance for UIFSM of £183k (2021: £185k); Rates funding of £41k (2021: £nil); and other amounts received in advance of £11k (2021: £14k).

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 16 Funds

	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2022 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	8,903	(8,825)	(78)	-
UIFSM	-	309	(309)	-	-
Pupil premium	-	285	(285)	-	-
Catch-up premium	95	36	(131)	-	-
Other DfE/ESFA grants	9	245	(254)	-	-
Other government grants	-	266	(266)	-	-
Other restricted funds	2	43	(45)	-	-
Pension reserve	(3,345)	-	(556)	3,680	(221)
	<u>(3,239)</u>	<u>10,087</u>	<u>(10,671)</u>	<u>3,602</u>	<u>(221)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	27,795	-	(354)	-	27,441
DfE group capital grants	4,818	309	(129)	-	4,998
Capital expenditure from GAG	181	-	(41)	78	218
Private sector capital sponsorship	18	56	(27)	-	47
	<u>32,812</u>	<u>365</u>	<u>(551)</u>	<u>78</u>	<u>32,704</u>
<b>Total restricted funds</b>	<u>29,573</u>	<u>10,452</u>	<u>(11,222)</u>	<u>3,680</u>	<u>32,483</u>
<b>Unrestricted funds</b>					
General funds	<u>846</u>	<u>623</u>	<u>(358)</u>	<u>-</u>	<u>1,111</u>
<b>Total funds</b>	<u>30,419</u>	<u>11,075</u>	<u>(11,580)</u>	<u>3,680</u>	<u>33,594</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 2022.

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 £32,472k (2021: £32,568k) plus the unspent element of Capital funds of £232k (2021: £244k). 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 2022

#### 16 Funds

(Continued)

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

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2021 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(714)	8,051	(8,047)	710	-
UIFSM	-	317	(317)	-	-
Pupil premium	-	241	(241)	-	-
Catch-up premium	-	170	(75)	-	95
Coronavirus job retention scheme grant	-	9	(9)	-	-
Other DfE/ESFA grants	26	580	(597)	-	9
Other government grants	41	222	(263)	-	-
Other restricted funds	-	47	(45)	-	2
Pension reserve	(3,179)	-	(474)	308	(3,345)
	<u>(3,826)</u>	<u>9,637</u>	<u>(10,068)</u>	<u>1,018</u>	<u>(3,239)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	28,150	-	(355)	-	27,795
DfE group capital grants	4,825	33	(111)	71	4,818
Capital expenditure from GAG	238	-	(57)	-	181
Private sector capital sponsorship	41	-	(23)	-	18
	<u>33,254</u>	<u>33</u>	<u>(546)</u>	<u>71</u>	<u>32,812</u>
<b>Total restricted funds</b>	<u>29,428</u>	<u>9,670</u>	<u>(10,614)</u>	<u>1,089</u>	<u>29,573</u>
<b>Unrestricted funds</b>					
General funds	<u>1,468</u>	<u>355</u>	<u>(196)</u>	<u>(781)</u>	<u>846</u>
<b>Total funds</b>	<u>30,896</u>	<u>10,025</u>	<u>(10,810)</u>	<u>308</u>	<u>30,419</u>

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 16 Funds

(Continued)

#### Total funds analysis by academy

	2022 £'000	2021 £'000
Fund balances at 31 August 2022 were allocated as follows:		
Oak Lodge Primary School	-	37
Marian Vian Primary School	-	35
Wickham Common Primary School	-	16
Unicorn Primary School	-	18
Central services	1,111	846
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	1,111	952
Restricted fixed asset fund	32,704	32,812
Pension reserve	(221)	(3,345)
	<hr/>	<hr/>
Total funds	33,594	30,419
	<hr/>	<hr/>

#### 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 2022 £'000	Total 2021 £'000
Oak Lodge Primary School	1,889	286	46	461	2,682	2,545
Marian Vian Primary School	2,066	255	76	569	2,966	2,711
Wickham Common Primary School	1,389	144	28	364	1,925	1,844
Unicorn Primary School	1,597	109	37	387	2,130	2,040
Central services	226	937	-	163	1,326	1,126
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,167	1,731	187	1,944	11,029	10,266
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2022 are represented by:</b>				
Tangible fixed assets	-	-	32,472	32,472
Current assets	1,111	764	232	2,107
Current liabilities	-	(764)	-	(764)
Pension scheme liability	-	(221)	-	(221)
<b>Total net assets</b>	<b>1,111</b>	<b>(221)</b>	<b>32,704</b>	<b>33,594</b>
<b>Fund balances at 31 August 2021 are represented by:</b>				
Tangible fixed assets	-	-	32,568	32,568
Current assets	726	993	244	1,963
Current liabilities	120	(887)	-	(767)
Pension scheme liability	-	(3,345)	-	(3,345)
<b>Total net assets</b>	<b>846</b>	<b>(3,239)</b>	<b>32,812</b>	<b>30,419</b>

### 18 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 London Borough of Bromley. Both are multi-employer defined benefit schemes.

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 2019.

Contributions amounting to £161k were payable to the schemes at 31 August 2022 (2021: £164k) 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 teachers in academy trusts. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions 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 2022

#### 18 Pension and similar obligations

(Continued)

##### 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 every 4 years. 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. 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 levy)
- 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
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to the TPS in the period amounted to £959k (2021: £945k).

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 20.5% to 23.4% 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.

Total contributions made	2022 £'000	2021 £'000
Employer's contributions	452	473
Employees' contributions	117	122
Total contributions	569	595

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 18 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2022 %	2021 %
Rate of increase in salaries	4.30 to 4.40	4.20 to 4.30
Rate of increase for pensions in payment/inflation	2.90 to 3.00	2.80 to 2.90
Discount rate for scheme liabilities	4.30	1.70
CPI Inflation	2.80 to 2.90	2.70 to 2.80

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

	2022 Years	2021 Years
Retiring today		
- Males	22.8	22.9
- Females	25.3	25.3
Retiring in 20 years		
- Males	24.6	24.8
- Females	27.2	27.3

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

	2022 £'000	2021 £'000
Discount rate + 0.1%	8,124	11,483
Mortality assumption + 1 year	8,453	12,080
CPI rate + 0.1%	8,454	11,949

### Defined benefit pension scheme net liability

	2022 £'000	2021 £'000
Scheme assets	8,066	8,369
Scheme obligations	(8,287)	(11,714)
Net liability	(221)	(3,345)

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 18 Pension and similar obligations

(Continued)

#### The academy trust's share of the assets in the scheme

	2022 Fair value £'000	2021 Fair value £'000
Equities	5,211	5,516
Government bonds	177	242
Other bonds	613	661
Cash/liquidity	129	75
Property	573	411
Other assets	1,363	1,464
Total market value of assets	<u>8,066</u>	<u>8,369</u>

The actual return on scheme assets was £(810,000) (2021: £1,285,000).

#### Amount recognised in the statement of financial activities

	2022 £'000	2021 £'000
Current service cost	936	877
Interest income	(147)	(123)
Interest cost	204	177
Administration expenses	15	16
Total operating charge	<u>1,008</u>	<u>947</u>

#### Changes in the present value of defined benefit obligations

	2022 £'000
At 1 September 2021	11,714
Current service cost	936
Interest cost	204
Employee contributions	117
Actuarial (gain)/loss	(4,637)
Benefits paid	(47)
At 31 August 2022	<u>8,287</u>

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 18 Pension and similar obligations

(Continued)

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

	2022 £'000
At 1 September 2021	8,369
Interest income	147
Actuarial loss/(gain)	(957)
Employer contributions	452
Employee contributions	117
Benefits paid	(47)
Administration expenses	(15)
At 31 August 2022	8,066

### 19 Reconciliation of net expenditure to net cash flow from operating activities

	Notes	2022 £'000	2021 £'000
Net expenditure for the reporting period (as per the statement of financial activities)		(505)	(785)
Adjusted for:			
Capital grants from DfE and other capital income		(365)	(33)
Defined benefit pension costs less contributions payable	18	499	420
Defined benefit pension scheme finance cost	18	57	54
Depreciation of tangible fixed assets		551	546
Decrease in debtors		74	1,261
(Decrease)/increase in creditors		(3)	29
Net cash provided by operating activities		308	1,492

### 20 Analysis of changes in net funds

	1 September 2021 £'000	Cash flows £'000	31 August 2022 £'000
Cash	1,503	218	1,721

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2022

#### 21 Long-term commitments

##### Operating leases

At 31 August 2022 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2022 £'000	2021 £'000
Amounts due within one year	14	4
Amounts due in two and five years	28	15
	<u>42</u>	<u>19</u>

#### 22 Capital commitments

	2022 £'000	2021 £'000
Expenditure contracted for but not provided in the Financial Statements	<u>202</u>	<u>194</u>

#### 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 ATH 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.

During the year expenditure of £nil (2021: £2,477) was incurred with CHANGE Schools Partnership for DPO services, clerking and some teacher training. CHANGE Schools Partnership, company number 08182064 (England & Wales) became a related party following Compass Academy Trust having entered into a Memorandum of Understanding ("MOU") for the services of S Ellis who became the CEO and Accounting Officer at both trusts. These costs are for costs not covered by the MOU.

D Medhurst, a close family member of A Medhurst, a trustee, is employed by the academy trust. The appointment was made in open competition and the trustee was not involved in the decision making process regarding the appointment. The employee is paid within the normal pay scale for their role and does not receive any special treatment as a result of their relationship to the trustee.

In entering into these transactions, the academy trust has complied with the requirements of the ESFA's Academy Trust Handbook 2021.

#### 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.