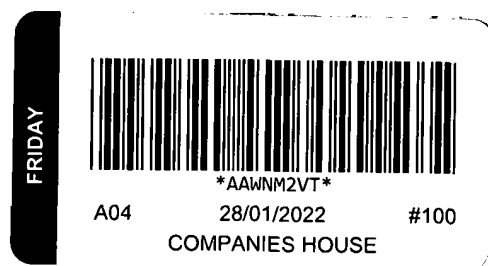


Company Registration No. 09323096 (England and Wales)

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

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**



# COMPASS ACADEMY TRUST

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# COMPASS ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

M Bernard (appointed 9 March 2021)  
I Chamberlain (appointed 1 September 2020, resigned 29 July 2021)  
T Heald (resigned 6 December 2020)  
A Medhurst  
S Sharma (resigned 3 December 2020)  
I Stedman

### Directors (Trustees)

A Sheppard (resigned 22 July 2021)  
J Couch  
W Giles  
A Medhurst (Chair of Trustees)  
T Robin  
J Forsyth  
G Walters  
G Arbuckle (appointed 11 October 2020)  
L Anim-Addo (appointed 11 November 2020)

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

### LOCAL GOVERNING BODIES (Membership as at 31 August 2021)

#### Marian Vian Primary School

D Banks  
J Couch  
M Crowther-Townsend  
P Daw (Chair, appointed to role 7 September 2021))  
A Gorman  
K Jefferson (resigned 18<sup>th</sup> October 2021)  
R Loader  
H Russell  
D Snook  
K Williams (resigned 1 September 2021)  
I Redgrave (Headteacher)

#### Oak Lodge Primary School

N Adriano  
J Ashforth (appointed 15 October 2021)  
R Barnes (resigned 1 September 2021)  
J Brunoir (Chair)  
T Burrill (appointed 15 October 2021)  
V Courtneil Shaw  
E Kempton  
A Loveless (appointed 15 October 2021)  
S Ogeer (resigned 15 September 2021)  
H O'Sullivan  
T Rudge (resigned 1 September 2021)  
S Robertson (Headteacher)  
D Lowton (Head of School)  
E Thompson (Deputy Head)

#### Unicorn Primary School

N Bridges (Chair)  
E Codling  
E Ince  
A Leader (resigned 8 September 2021)  
M Moin  
N Owen  
G Preston  
A Williams (resigned 8 September 2021)  
S Robertson (Executive Headteacher)  
V Elvines (Head of School)

#### Wickham Common Primary School

J Carroll  
J Cleary  
K Cowley (resigned 12 September 2021)  
P Critten  
S Fletcher  
S Newman (Chair)  
J Walker Smith  
G Walters  
H Walton  
A Warran (resigned 10 September 2021)  
D Allis (Headteacher)

### Trust Leadership Team

#### Central Team

Chief Executive Officer	S Ellis
Director of Finance & Operations	K Williams
Chief Financial Officer	H Haines (resigned with effect 31 October 2021)

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# COMPASS ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### **Marian Vian Primary School**

Head Teacher	I Redgrave
Deputy Head Teacher	K Swain

### **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

### **Wickham Common Primary School**

Head Teacher	D Allis
Deputy Head Teacher	R Stevenson

<b>Company registration number</b>	09323096 (England and Wales)
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<b>Registered office</b>	Oak Lodge Primary School Chamberlain Crescent West Wickham Kent BR4 0LJ
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<b>Independent auditor</b>	Baxter & Co Lynwood House Crofton Road Orpington Kent BR6 8QE
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<b>Bankers</b>	Lloyds Bank plc PO Box 1000 BX1 1LT
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<b>Solicitors</b>	Birkett Long Phoenix House Christopher Martin Road Basildon Essex SS14 3EZ
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# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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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 2021. 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 2020/2021 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 2,230 and had a total roll of 2,130 in the school census on 1 October 2020 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

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

#### 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 for the duration of 2020/21, but from October 2021 the Trust has adopted a revised organisational structure following the resignation of the CFO. The incumbent COO is now 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.

#### **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. 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. For the duration of 2020/21, the CEO was contracted from another Trust, but from 1 September 2021 is an employee. 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 2021**

### 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	0

#### Percentage of time spent on facility time

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

#### Percentage of pay bill spent on facility time

Total Cost of facility time	£0
Total Pay bill	£7,916k
Percentage of the total pay bill spent on facility time	0%

#### Paid trade union activities

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

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

CHANGE Schools Partnership is deemed to be a related party for the purposes of a number of services provided to Compass Academy Trust, including Data Protection Officer, clerking and a safeguarding review.

Inspire Partnership Academy Trust is deemed to be a related party for the services provided to Compass Academy Trust on the curriculum framework and staff training.

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 2021/22.

#### 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.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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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. This remained especially important during 2020/21 as our schools continued to face the uncertainty brought about by COVID-19. 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.

We also believe there to be great benefit in coming together as a Trust. During 2020/21, our second Trust-wide conference was held virtually. All teaching staff attended, and members of support staff were strongly encouraged to take part. The conference took place at the beginning of the spring term and provided an invaluable opportunity to engage with all staff as we entered another period of school closure as a result of COVID-19. Our intention is to continue with these conferences; one was held at the beginning of September 2021, providing the opportunity for all staff to come together in a virtual setting, followed by face-to-face Teaching & Learning sessions.

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.

During the second period of school closure in the spring term of 2021, we continued to work proactively with our suppliers that were potentially at risk.

#### 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.

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 Report 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.

### **Objectives and activities**

#### Objects and aims

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.



# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### Objectives, strategies and activities

2020/21 saw significant challenge and strain put on schools due to the Covid19 pandemic and the need for considerable adaptation in approaches in order to minimise negative impacts on children's education and schools' communities' wellbeing.

The main objectives for Compass Academy Trust during 2019/20 were therefore centred around three strategic 'anchors':

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

Strategic Priorities were determined as follows:

#### **1. Developing as a Trust ('One Learning Community') [Growth & System Leadership]**

*To marshal all the resources of the Trust, in particular financial and human, to provide consistently excellent standards of education and pastoral care equitably and efficaciously across all its schools in a way which reflects the needs of each school's intake.*

*Continue to develop the ELT into an effective forum which is driven by a focus on what is best for the Trust and which actively promotes co-operation at all levels in the Trust in the furtherance of the Trust objectives*

#### **2. Return & Recovery [Excellence in Provision & Outcomes for Children]**

*Ensure detailed plans are in place for each school firstly for re-opening after lockdown and secondly for ensuring that all pupils make up lost ground by the end of the academic year.*

*Implement Microsoft365 as a vehicle for the Trust's communication and file storage/sharing platform and as a learning platform to ensure flexible delivery of teaching and learning for when blended or home learning is required.*

#### **3. Curriculum Development [Excellence in Provision & Outcomes for Children]**

*A full review of our curriculum offer is undertaken to ensure that a common vision embodied in principles and standards is place for the Trust and across its schools. Our ambitions, strategy and milestone plans will ensure that we are equipping all our pupils well for life in modern Britain and as responsible global citizens, through providing them with thorough knowledge and skills that develop into deep and profound learning. A clear commitment to equity for children who are disadvantaged is evident.*

#### **4. Financial Sustainability [Financial & Operational Sustainability]**

*A full financial review will be required at the end of the school year prior to full reopening in September. Our weaker financial position following the loss of budgeted income from lettings and other income sources may necessitate a restructuring to be carried out as part of a recovery plan as well as increased costs not supported by further funding. Any restructuring must take the Trust closer to its target sustainable staffing structures.*

*A review to be carried out to consider the options for how the Trust should allocate funds to the four Schools and recommend to the Trustees a way forward. This may involve a move away from Schools receiving their current GAG based allocation and instead being funded by the Trust based upon their real time needs. A strategic use of reserves needs to be determined, documented and agreed.*

*Income generation opportunities need to be explored again to consider how this can be maximised in a Covid 19 environment. Consideration of in-house wrap around care at Marian Vian and Unicorn Primary Schools should be prioritised for implementation when possible before the academic year.*

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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*Further research and feasibility of longer-term projects (e.g. Nursery at Marian Vian) should be progressed as capacity and Covid19 conditions allow.*

#### 5. Financial Management

*To undertake a robust process to select a new finance system to be used across all schools in the Trust in order to streamline financial reporting and the control and monitoring of expenditure.*

#### Strategic Report

##### Achievements and performance

The COVID-19 pandemic continued to have a marked impact upon the Trust and its schools during the 2020-21 period. Whilst schools fully reopened in September 2020, continued restrictions in terms of Covid controls and the prevalence of the virus in the community meant that disruption continued. Schools worked hard to re-orientate pupils and carefully assess their wellbeing and educational recovery needs. This progressed well in the autumn term. At the end of the autumn term, we entered a further lockdown period that required further restrictions to the number of children we could have in schools, these being limited to vulnerable and children of key workers, with the rest being educated remotely. Covid health & safety controls remained vigorous through this period. Financially, there was loss in third party income (e.g. lettings and wrap-around care) although this was partly compensated by savings made through the lockdown periods. As a result of the continued pandemic, not all our objectives were fully met but we were satisfied that in the circumstances, good progress against our Plan was made.

##### Growth & System Leadership

##### Developing as a Trust ('One Learning Community')

*To marshal all the resources of the Trust, in particular financial and human, to provide consistently excellent standards of education and pastoral care equitably and efficaciously across all its schools in a way which reflects the needs of each school's intake.*

The competency, consistent performance appraisal system was effectively embedded during the year and cultural capital was built across the Trust through the realignment of subject and phase leadership to form a basis for the development of strong curriculum and underpinning pedagogy consistently across the Trust in 2021/2. Pupil numbers have remained strong in most of our schools as a result of positive and intentional marketing in all its forms.

##### Excellence in provision and outcomes for children

##### Return & Recovery:

*Ensure detailed plans are in place for each school firstly for re-opening after lockdown and secondly for ensuring that all pupils make up lost ground by the end of the academic year.*

*Implement Microsoft365 as a vehicle for the Trust's communication and file storage/sharing platform and as a learning platform to ensure flexible delivery of teaching and learning for when blended or home learning is required*

- Local Governing Bodies and the Trust Board discussed and agreed a documented Risk Assessments that evidenced a rigorous evaluation of risk and identified appropriate mitigations that carefully balanced protective measures with high quality educational provision and delivery. These remained subject to ongoing review as live documents.
- Clear adapted curricular plans were put in place to address lost teaching time and ensure that children were efficiently provided with the knowledge and skills they need to bridge prior learning to new learning. Initially there was a clear focus on the basic skills of oracy, reading, writing and numeracy to underpin the broader delivery of the National Curriculum.
- 'Catch up' funding was well targeted via a costed strategy and where children need additional support, effective use is made of the funding via personalised needs-based planning and was evaluated for impact. Mostly in-

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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school human and physical resources were utilised rather than external tutoring arrangements. Some funds have been carried forward and planned for use in 2021-2.

- The launch of Microsoft 365 (and Teams in particular) took place in January 2021, which was later than desired due to the capacity of supporting contractors. However, staff quickly adapted to the platform and remote learning was significantly enhanced as a result.

#### Curriculum Development

*A full review of our curriculum offer is undertaken to ensure that a common vision embodied in principles and standards is place for the Trust and across its schools. Our ambitions, strategy and milestone plans will ensure that we are equipping all our pupils well for life in modern Britain and as responsible global citizens, through providing them with thorough knowledge and skills that develop into deep and profound learning. A clear commitment to equity for children who are disadvantaged is evident.*

- The Executive Leadership Team developed collaboratively a strong vision, principles and standards for Compass Curriculum that demonstrates high ambition for learning across a broad and balanced curriculum offering.
- The Trust conference also focused and promoted curriculum ambition and we supported by presentations by ambassador year groups from each school that had trialled new curriculum implementation approaches.
- It was hoped to achieve more work in developing both curriculum intent and implementation approaches but the operational demands following lockdown and school closure periods meant that this did not meet its anticipated goals but did however, provide a strong basis for prioritised development in the 2021-2 academic year. The appointment of an Executive Headteacher to lead this work further strengthens both the resolve and capacity of the Trust to achieve our intended aims.

There is no report on academic outcomes given as all statutory testing and assessments were cancelled by the government due to the global pandemic.

#### Financial and operational sustainability

*To undertake a robust process to select a new finance system to be used across all schools in the Trust in order to streamline financial reporting and the control and monitoring of expenditure.*

*A full financial review will be required at the end of the school year prior to full reopening in September. Our weaker financial position following the loss of budgeted income from lettings and other income sources may necessitate a restructuring to be carried out as part of a recovery plan as well as increased costs not supported by further funding. Consultations on this will need to start early in the autumn term in order to capture the benefits for 2021-22. Any restructuring must take the Trust closer to its target sustainable staffing structures.*

*A review to be carried out to consider the options for how the Trust should allocate funds to the four Schools and recommend to the Trustees a way forward. This may involve a move away from Schools receiving their current GAG based allocation and instead being funded by the Trust based upon their real time needs. A strategic use of reserves needs to be determined, documented and agreed.*

*Income generation opportunities need to be explored again to consider how this can be maximised in a Covid 19 environment. Consideration of in-house wrap around care at Marian Vian and Unicom should be prioritised for implementation when possible before the academic year.*

*Further research and feasibility of longer-term projects (e.g. Nursery at Marian Vian) should be progressed as Covid 19 conditions allow.*

- A centralised finance system was selected and implemented during spring 2021 which will bring about improved processes and efficiencies. The ESFA accounting codes were adopted. The system continues to be embedded.
- Financial review was undertaken as part of end of year accounting and shows an improved financial position overall with predicted balanced budget for the Trust in 2021-2.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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- Budgets allowed for conservative predictions of third-party income in the light of Covid19 conditions which were realistic and will remain so for the 2021-2 academic year
- An SRMA (ESFA-sponsored) review was undertaken and note taken of the findings which were adopted where appropriate at this time.
- Restructuring occurred in one school in order to achieve financial sustainability and cost improvement measures were achieved across the Trust as the retendering of a single catering contract.
- Wrap around care remains an area for caution in terms of development as family working patterns change and therefore the demand of wrap-around care may reduce. Further development has therefore been held in abeyance.

#### Key Performance Indicators

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

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

The Board continues to closely control budgetary planning and monitoring across the Trust, providing guidance to constituent schools on the criteria to be used when proposing budgets, ensuring that updates to budgets are within agreed parameters and that variances between the budget and actual income and expenditure are identified and addressed on a timely basis. The Board will continue to review and challenge the effectiveness of budgetary control and financial monitoring to ensure optimal use of resources and ongoing viability. As schools hopefully return to a more normal way of operating, the monitoring of income generation metrics will become increasingly important.

In addition to closely monitoring key indicators of financial performance, the Board has identified a number of other key areas that help them assess the overall performance of the Trust, including pupil numbers, Health & Safety incidents, data breaches and employee information (relating to performance, absence and exit).

#### 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.

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# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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

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

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

The following balances were held at 31 August:

Fund	Category	2021 £'000	2020 £'000
GAG	Restricted General Funds	-	(714)
Other DfE/ESFA Grants	Restricted General Funds	104	26
Other Government Grants	Restricted General Funds	-	41
Other Income	Restricted General Funds	2	-
<b>Sub-total General Restricted Funds</b>		<b>106</b>	<b>(647)</b>
Unspent Capital Grants	Restricted Fixed Asset Fund	244	1,561
Other Income	Unrestricted General Fund	846	1,468
<b>Sub-Total Spendable Funds</b>		<b>1,196</b>	<b>2,382</b>
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	32,568	31,693
Share of LGPS Deficit	Restricted Pension Reserve	(3,345)	(3,179)
<b>Total All Funds</b>		<b><u>30,419</u></b>	<b><u>30,896</u></b>

During the year under review, there was an increase of £753k (2020: decrease of £314k) on general restricted funds, a decrease of £622k (2020: increase of £199k) on unrestricted funds and after LGPS valuation adjustments, depreciation and capital income and expenditure, an overall decrease of £477k (2020: increase of £798k).

Trustees have kept income and expenditure closely monitored throughout the year to ensure income and expenditure remains within planned budgets. During the year significant spending took place on various building improvement projects across all four schools, funding for which was from capital grants awarded in the prior year and carried forward within the unspent capital balances.

#### 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.

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 Chief Financial Officer and/or the Accounting Officer. During the year reserves have been used to support individual schools in their achievement of balanced budgets and to contribute to Condition Improvement Fund works.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 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. Up to the point of school closures because of COVID-19, risk registers for each school and for the Trust were reviewed and updated termly, with the central risk register and summary risk report considered at each Resources & Audit Committee meeting, with onward reporting to the Board termly.

Since schools re-opened more widely in June 2020, each school has operated under a detailed COVID-19 Reopening Risk Assessment and Action Plan. These risk assessments have been managed by the schools as live documents since this point, with a more fundamental review undertaken at each critical point in the pandemic. At each stage, the Risk Assessments have been subject to extensive review and challenge by Local Governing Bodies. In September 2021, a Covid Outbreak Management Plan based on the DfE Contingency Framework was put in place for each school. Throughout the pandemic, one main central risk register has continued to be maintained for all risks beyond those directly linked to the management of COVID-19 in school settings. During 2020/21, 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.

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:

- Ensuring the ongoing safety and well-being of and meeting all obligations to pupils and staff during the COVID-19 pandemic.
- Financial sustainability and effective use of resources, primarily in the context of future grant settlements failing to cover increases in related expenditure but further complicated by the impact of COVID-19 on self-generated income streams, delivery of Trust strategic initiatives and day to day operations.
- Competition from other schools in respect of admissions.
- Ensuring continued strong financial monitoring during a period of disruption caused by the ongoing pandemic and against a backdrop of the implementation of a new finance system.
- Delivery of curriculum and maintenance of educational standards during the pandemic.
- Succession planning for key personnel.

The Trust recognises that the risks it faces in the short to medium term are significantly impacted by COVID-19. However, ongoing risks to the Trust remain and our three-year plan reflects this – implementing that plan will seek to prevent these risks materialising and lessen any impact should they occur.

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 COVID-19 will continue to have an impact on finances into 2021/22.

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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

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

Most of the Trust's income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 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, our websites and via students. All fundraising material contains clear instructions on how a person can be removed from mailing lists.

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

The COVID-19 pandemic has impacted the Trust's fundraising activities in the year ended 31 August 2021, and it is expected that this impact will be continue to be felt into 2021/22.

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

UK Greenhouse gas emissions and energy use data for the period	1 September 2020 to 31 August 2021	September 2019 to 31 August 2020
Energy consumption used to calculate emissions (kWh)	3,018,749	2,226,615
Energy consumption break down (kWh) <ul style="list-style-type: none"><li>• gas,</li><li>• electricity,</li><li>• transport fuel</li></ul>	2,223,392 793,911 1,038	1,578,042 646,228 2,345
<u>Scope 1 emissions in metric tonnes CO2e</u> Gas consumption Owned transport – mini-buses <u>Total scope 1</u>	407.24 0.22 407.46	290.16 0.56 290.72
<u>Scope 2 emissions in metric tonnes CO2e</u> Purchased electricity	168.57	150.67
<u>Scope 3 emissions in metric tonnes CO2e</u> Business travel in employee owned vehicles	0.03	0.15
Total gross emissions in metric tonnes CO2e	576.06	441.54

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2021**

<u>Intensity ratio</u> Tonnes CO2e per pupil	<b>0.27</b>	<b>0.21</b>
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### 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.

### Intensity measurement

The intensity measure we are using as a trust assessed the Tonnes of CO2e emitted per pupil and in our accounts for 2019 - 2020 the intensity ratio was 0.21. The increase in the ratio to 0.27 for 2020/2021 is thought to be a result of:

- increased energy consumption whilst large capital projects were being undertaken in all 4 schools with works taking place at evenings, weekends and school holidays;
- increased heating due to ventilation during Covid; and
- a temporary boiler at one of the schools during the installation of new boiler.

Two of the schools where LED lighting has been installed achieved a reduction in electricity consumption of 26% although it is not known if this is also as a result of school closures due to Covid.

### 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.
- increased video conferencing technology for staff meetings and LGB/Trustee meetings to reduce the need for travel between sites; and

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;
- the application for CIF funding for roof repairs and improved insulation;
- to focus on environmental sustainability as part of the Trust strategic plan; 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 our return from two academic years that were severely impacted and disrupted, schools will continue to focus on recovery programmes that carefully identify gaps in learning and prioritised content for the curriculum. There will*



# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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be additional funding to support disadvantaged children who are entitled to Pupil Premium Funding. In addition, we will work together – intentionally and determinedly on the key priorities listed below:

#### **1. Excellence in Provision & Outcomes for Children:**

- **Curriculum, Teaching, Learning & Assessment**
  - Implement enriched, evolving curriculum that demonstrates high ambition for high outcomes ensuring that best use is made of formal and informal collaborative approaches across the Trust to maximise impact and minimise workload.
  - Develop best practice principles for teaching, learning & assessment that reflect evidence-based practice
  - Develop and implement a consistent approach to quality assurance and the development of the highest quality of teaching and learning through efficacious structures and agreed school based, trust and external quality assurance processes
- **Continued Professional Learning**
  - Design and implement career-stage CPL programme for staff, excellent teachers register and succession planning as part of wider HR strategy that supports recruitment, retention and wellbeing
- **ICT & Computing**
  - Develop a macro (Trust-level) and micro (school-level) ICT strategy and deliver elements determined for 2021-2.
  - This will include further digitalization/cloud-based resilience & efficiency across the Trust for T&L and Operations
- **Inclusion, Safeguarding & Behaviour**
  - Review systems, structures, processes and practice for behaviour & inclusion to ensure equality & equity is efficaciously delivered across the Trust

#### **2. Growth & System Leadership:**

- Review and embed vision, values, purpose and underlying ethos to create shared CAT identity and narrative through proactive, collaborative approaches
- Proactively seek growth or other formalized collaboration to build capacity for the future

#### **3. Financial & Operational Sustainability**

- Improve financial sustainability through marketing, planning for growth, income generation and closer alignment to model staffing structures.
- Embed new finance system and exploit its efficiencies
- Undertake a review of our environmental sustainability and develop a 'green solutions' strategy to reduce negative factors.

#### Funds Held as Custodian Trustee

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

# COMPASS ACADEMY TRUST

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### 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 16 December 2021 and signed on its behalf by:



.....  
A Medhurst  
**Chair of Trustees**

# COMPASS ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### 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 six 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 (appointed 11 November 2020)	5	5
G Arbuckle (appointed 11 November 2020)	5	5
J Couch	6	6
W Giles	5	6
J Forsyth	4	6
A Medhurst (Chairperson)	6	6
T Robin (Vice Chairperson)	6	6
A Sheppard (resigned 22 July 2021)	6	6
G Walters	6	6

Board changes during the year were the resignation of A Sheppard and the appointment of L Anim Addo and G Arbuckle. The challenges for the Board were to ensure governance and decision-making remained robust and effective during the COVID-19 pandemic, especially as meetings continued to take place virtually, and to ensure the ongoing effective and efficient management of resources to support the Trust's financial sustainability.

### Governance reviews

Board skills were enhanced through the appointment of two Trustees, including experience of secondary education and legal recruitment. These appointments complement the Board's existing range of skills that permit oversight and effective scrutiny, challenge and support.

During 2020/21, the Trust's Chief Executive Officer continued to be contracted from another Trust (CHANGE School Partnership), acting as the Accounting Officer but not as a Trustee. To ensure robust governance and that the role of Accounting Officer was being fulfilled effectively and with independence, 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 through a contracted service remained effective and appropriate for the period ended 31 August 2021. From 1 September 2021 the incumbent Chief Executive Officer has become an employee of the Trust.

The Board met during the year to review its effectiveness and evaluate its skills base and develop improved governance arrangements. The Governance Manager has 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.

The Resources & Audit Committee is a sub-committee of the main Board. It obtains regular reports from the Chief Financial Officer. The focus of the Resources element is to plan, monitor and recommend budget to the Board, oversee staff structures and development and review and agree strategic premises management. The focus of the

# COMPASS ACADEMY TRUST

## GOVERNANCE STATEMENT

### FOR THE YEAR ENDED 31 AUGUST 2021

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 (appointed 11 November 2020)	4	4
J Couch (Chairperson)	6	6
A Medhurst	5	6
G Walters	5	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, the ongoing impact of the COVID-19 pandemic 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, launched on 1 September 2019, 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 will operate 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 has introduced a new finance system during 2020/21, providing much higher quality data, access and reporting, and eliminating wasteful information transfer between separate school-based and central systems.

#### **The purpose of the system of internal control**

The internal control system is designed to manage risk to a reasonable level rather than to eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system is an on-going process to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood and impact of those risks if realised, and to manage them efficiently, effectively and economically. The Trust's system has been in place for the year ended 31 August 2021 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 2021**

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### **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 2021 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 2021. The ESFA SRM Adviser reviewed the Trust's position with the key area of focus on a general financial health check. The Integrated Curriculum Financial Planning model was used to support the Trust in managing in-year deficits with a particular focus on Oak Lodge and Wickham Common. The executive summary highlighted the need for:

- the development and application of standard staffing structures across the Trust;
- the planned implementation of a new finance system;
- the Trust to continue its management and response to in-year deficits; and
- ensuring that forecasts are as accurate as possible.

The Board has considered the need for a specific internal audit function and during 2020/21 undertook a procurement exercise for a new internal scrutiny provider; UHY Hacker Young were appointed in March 2021.

Historically, the internal auditor's role primarily included giving advice on financial matters and performing a range of checks on the Trust's financial systems. However, since the appointment of the new provider, emphasis has been placed on non-financial, as well as financial, controls. Based on an assessment of risk, the Trust agrees the audit programme with the provider to include reports to the Board on the operation of the systems of control and on the discharge of the Board's financial and key non-financial responsibilities. During 2020/21, reviews included Risk Management, HR (excluding payroll), General Finance Controls and Governance & AFH Compliance.

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 2021**

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### 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 16 December 2021 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 2021***

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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 Academies Financial Handbook 2020.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

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**

16 December 2021

# COMPASS ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2021**

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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 2020 to 2021 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 2020 to 2021;
- 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 16 December 2021 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 2021**

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### **Opinion**

We have audited the Financial Statements of Compass Academy Trust for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 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 2021 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 2020 to 2021.

### **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 trustees are responsible for the other information, which comprises the information included in the annual report other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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# COMPASS ACADEMY TRUST

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

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. 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.

# **COMPASS ACADEMY TRUST**

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

***FOR THE YEAR ENDED 31 AUGUST 2021***

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

### **Use of our report**

This report is made solely to the 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**

**Chartered Certified Accountants**

Lynwood House

Crofton Road

Orpington

Kent

BR6 8QE

Dated: 20 December 2021

# **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 2021***

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In accordance with the terms of our engagement letter dated 27 November 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, 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 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Compass Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Compass Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Compass Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Compass Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Compass Academy Trust's funding agreement with the Secretary of State for Education dated 26 August 2014 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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.

# **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 2021***

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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 Academies Financial Handbook 2020, issued by the ESFA.
- Consideration of compliance with the 'musts' in the Academies Financial Handbook.

### **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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

Dated: 20 December 2021

# COMPASS ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

		Unrestricted	Restricted funds:		Total	Restated
	Notes	funds	General	Fixed asset	2021	Total
		£'000	£'000	£'000	£'000	2020
						£'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	8	39	33	80	1,693
Charitable activities:						
- Funding for educational operations	4	181	9,596	-	9,777	9,363
Other trading activities	5	166	2	-	168	270
Investments	6	-	-	-	-	1
<b>Total</b>		<b>355</b>	<b>9,637</b>	<b>33</b>	<b>10,025</b>	<b>11,327</b>
<b>Expenditure on:</b>						
Raising funds	7	3	-	-	3	3
Charitable activities:						
- Educational operations	9	193	10,068	546	10,807	10,749
<b>Total</b>	<b>7</b>	<b>196</b>	<b>10,068</b>	<b>546</b>	<b>10,810</b>	<b>10,752</b>
<b>Net income/(expenditure)</b>		<b>159</b>	<b>(431)</b>	<b>(513)</b>	<b>(785)</b>	<b>575</b>
Transfers between funds	18	(781)	710	71	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains on defined benefit pension schemes	20	-	308	-	308	223
<b>Net movement in funds</b>		<b>(622)</b>	<b>587</b>	<b>(442)</b>	<b>(477)</b>	<b>798</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		1,468	(3,826)	33,254	30,896	30,098
Total funds carried forward		846	(3,239)	32,812	30,419	30,896

# COMPASS ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

Comparative year information		Unrestricted	Restricted funds:		Restated
Year ended 31 August 2020		funds	General	Fixed asset	Total
	Notes	£'000	£'000	£'000	2020 £'000
<b>Income and endowments from:</b>					
Donations and capital grants	3	21	49	1,623	1,693
Charitable activities:					
- Funding for educational operations	4	175	9,188	-	9,363
Other trading activities	5	270	-	-	270
Investments	6	1	-	-	1
<b>Total</b>		<u>467</u>	<u>9,237</u>	<u>1,623</u>	<u>11,327</u>
<b>Expenditure on:</b>					
Raising funds	7	3	-	-	3
Charitable activities:					
- Educational operations	9	187	10,005	557	10,749
<b>Total</b>	7	<u>190</u>	<u>10,005</u>	<u>557</u>	<u>10,752</u>
<b>Net income/(expenditure)</b>		277	(768)	1,066	575
Transfers between funds	18	(78)	(2)	80	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	20	-	223	-	223
<b>Net movement in funds</b>		199	(547)	1,146	798
<b>Reconciliation of funds</b>					
Total funds brought forward		1,269	(3,279)	32,108	30,098
Total funds carried forward		<u>1,468</u>	<u>(3,826)</u>	<u>33,254</u>	<u>30,896</u>

# COMPASS ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2021

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	13		32,568		31,693
<b>Current assets</b>					
Debtors	14	460		1,721	
Cash at bank and in hand		1,503		1,399	
		<u>1,963</u>		<u>3,120</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	<u>(767)</u>		<u>(738)</u>	
<b>Net current assets</b>			<u>1,196</u>		<u>2,382</u>
<b>Net assets excluding pension liability</b>			<u>33,764</u>		<u>34,075</u>
Defined benefit pension scheme liability	20		<u>(3,345)</u>		<u>(3,179)</u>
<b>Total net assets</b>			<u>30,419</u>		<u>30,896</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	18				
- Fixed asset funds			32,812		33,254
- Restricted income funds			106		(647)
- Pension reserve			<u>(3,345)</u>		<u>(3,179)</u>
<b>Total restricted funds</b>			<u>29,573</u>		<u>29,428</u>
<b>Unrestricted income funds</b>	18		<u>846</u>		<u>1,468</u>
<b>Total funds</b>			<u>30,419</u>		<u>30,896</u>

The Financial Statements on pages 28 to 54 were approved by the trustees and authorised for issue on 16 December 2021 and are signed on their behalf by:



A Medhurst  
Chair of Trustees

Company Number 09323096



**COMPASS ACADEMY TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by/(used in) operating activities	19		1,492		(914)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		-		1	
Capital grants from DfE Group		33		1,623	
Purchase of tangible fixed assets		(1,421)		(914)	
<b>Net cash (used in)/provided by investing activities</b>			(1,388)		710
<b>Net increase/(decrease) in cash and cash equivalents in the reporting period</b>			104		(204)
Cash and cash equivalents at beginning of the year			1,399		1,603
<b>Cash and cash equivalents at end of the year</b>			1,503		1,399

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 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 2020 to 2021 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 2021

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#### 1 Accounting policies

##### Donated goods, facilities and services

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

##### Donated fixed assets

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

#### 1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

#### 1.5 Tangible fixed assets and depreciation

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

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

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1 Accounting policies

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

#### 1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

#### 1.7 Leased assets

Rentals 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.

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1 Accounting policies

##### 1.10 Pensions benefits

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

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.

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

### **2 Critical accounting estimates and areas of judgement**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### Critical areas of judgement

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

### **3 Donations and capital grants**

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Capital grants	-	33	33	1,623
Other donations	8	39	47	70
	<u>8</u>	<u>72</u>	<u>80</u>	<u>1,693</u>

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Restated Total 2020 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	8,051	8,051	7,826
Other DfE / ESFA grants:				
- UIFSM	-	317	317	327
- Pupil premium	-	241	241	227
- Others	-	580	580	564
	-	9,189	9,189	8,944
<b>Other government grants</b>				
Local authority grants	-	222	222	203
<b>COVID-19 additional funding (DfE / ESFA)</b>				
Catch-up premium	-	170	170	-
Other DfE / ESFA COVID-19 funding	-	-	-	18
<b>COVID-19 additional funding (non-DfE / ESFA)</b>				
Coronavirus job retention scheme grant	-	9	9	23
	-	179	179	41
<b>Other funding</b>				
Catering income	121	-	121	132
Other incoming resources	60	6	66	43
	181	6	187	175
<b>Total funding</b>	181	9,596	9,777	9,363

- The academy trust received £170k coronavirus catch-up premium and costs incurred in respect of this funding totalled £75k, with the remaining £95k to be spent in 2021/22..
- The academy trust furloughed some of its staff under the government's Coronavirus job retention scheme which were not covered from grant funding. The funding received of £9k relates to staff costs which are included within note 10 below as appropriate.

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Restated Total 2020 £'000
Hire of facilities	56	-	56	100
Income from facilities and services	108	2	110	156
Other income - revenue	2	-	2	14
	<u>166</u>	<u>2</u>	<u>168</u>	<u>270</u>

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Short term deposits	-	-	-	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

### 7 Expenditure

	Staff costs £'000	Non-pay expenditure Premises £'000	Other £'000	Total 2021 £'000	Restated Total 2020 £'000
Expenditure on raising funds					
- Direct costs	-	-	3	3	3
Academy's educational operations					
- Direct costs	6,877	437	359	7,673	7,787
- Allocated support costs	1,562	778	794	3,134	2,962
	<u>8,439</u>	<u>1,215</u>	<u>1,156</u>	<u>10,810</u>	<u>10,752</u>

#### Net income/(expenditure) for the year includes:

	2021 £'000	2020 £'000
Fees payable to auditor for:		
- Audit	12	12
- Other services	8	8
Operating lease rentals	6	11
Depreciation of tangible fixed assets	546	557
Net interest on defined benefit pension liability	54	57
	<u>626</u>	<u>645</u>



# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 7 Expenditure

Included within expenditure are the following transactions:

	2021 £
Gifts made by the academy trust - total	171

Clarification note - while many of the disclosures in these accounts is rounded to £'000, the values disclosed above are not. The value of gifts paid in the period was £171 (and not £171k).

#### 8 Central services

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

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

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

- A central charge of between £15 per pupil and £120 per pupil, depending on the service provided plus a split of costs based on 2/3 from entry.

The amounts charged during the year were as follows:	2021 £'000	2020 £'000
Oak Lodge Primary School	290	301
Marian Vian Primary School	324	307
Wickham Common Primary School	203	202
Unicorn Primary School	231	208
	<u>1,048</u>	<u>1,018</u>

#### 9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Restated Total 2020 £'000
<b>Direct costs</b>				
Educational operations	53	7,620	7,673	7,787
<b>Support costs</b>				
Educational operations	140	2,994	3,134	2,962
	<u>193</u>	<u>10,614</u>	<u>10,807</u>	<u>10,749</u>

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 9 Charitable activities

	2021	Restated 2020
Analysis of costs	£'000	£'000
<b>Direct costs</b>		
Teaching and educational support staff costs	6,877	6,875
Staff development	18	23
Depreciation	437	454
Technology costs	78	145
Educational supplies and services	138	107
Educational consultancy	37	95
Other direct costs	88	88
	<u>7,673</u>	<u>7,787</u>
<b>Support costs</b>		
Support staff costs	1,142	1,160
Defined benefit pension scheme - staff costs (FRS102 adjustment)	420	399
Staff development	6	-
Depreciation	109	103
Technology costs	88	-
Maintenance of premises and equipment	111	137
Cleaning	174	149
Energy costs	191	168
Rent, rates and other occupancy costs	143	98
Insurance	47	58
Security and transport	5	2
Catering	395	389
Defined benefit pension scheme - finance costs (FRS102 adjustment)	54	57
Legal costs	2	1
Other support costs	226	214
Governance costs	21	27
	<u>3,134</u>	<u>2,962</u>

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2021 £'000	2020 £'000
Wages and salaries	5,996	6,022
Social security costs	546	525
Pension costs	1,389	1,410
Defined benefit pension scheme - staff costs (FRS102 adjustment)	420	399
Staff costs - employees	8,351	8,356
Agency staff costs	88	74
Staff restructuring costs	-	4
	8,439	8,434

Staff restructuring costs comprise:

Redundancy payments	-	1
Severance payments	-	3
	-	4

#### Staff numbers

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

	2021 Number	2020 Number
Teachers	103	105
Administration and support	179	191
Management	12	12
	294	308

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

	2021 Number	2020 Number
Teachers	78	81
Administration and support	83	94
Management	10	10
	171	185

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 10 Staff

#### Higher paid staff

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

	2021 Number	2020 Number
£60,000 - £70,000	5	5
£70,001 - £80,000	1	1
£80,001 - £90,000	2	1
	<u>      </u>	<u>      </u>

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page . The total amount of key management personnel employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £936,091 (2020: £897,545).

### 11 Trustees' remuneration and expenses

None of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. During the year £84 expenses was reimbursed to 1 Trustee (2020: £nil).

### 12 Trustees' and officers' insurance

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

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 13 Tangible fixed assets

	Leasehold land & buildings £'000	Plant & machinery £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>						
At 1 September 2020	33,430	102	369	245	55	34,201
Additions	1,401	-	20	-	-	1,421
At 31 August 2021	34,831	102	389	245	55	35,622
<b>Depreciation</b>						
At 1 September 2020	1,914	43	323	182	46	2,508
Charge for the year	451	10	50	26	9	546
At 31 August 2021	2,365	53	373	208	55	3,054
<b>Net book value</b>						
At 31 August 2021	32,466	49	16	37	-	32,568
At 31 August 2020	31,516	59	46	63	9	31,693

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

### 14 Debtors

	2021 £'000	2020 £'000
Trade debtors	27	35
VAT recoverable	57	29
Prepayments and accrued income	376	1,657
	460	1,721

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

	2021 £'000	2020 £'000
Trade creditors	213	-
Other taxation and social security	138	125
Other creditors	169	158
Accruals and deferred income	247	455
	767	738

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 16 Deferred income

	2021 £'000	2020 £'000
Deferred income is included within:		
Creditors due within one year	199	215
Deferred income at 1 September 2020	215	266
Released from previous years	(215)	(266)
Resources deferred in the year	199	215
<b>Deferred income at 31 August 2021</b>	<b>199</b>	<b>215</b>

Deferred Income at 31 August 2021 includes grant income received in advance for UIFSM of £185k (2020: £188k); Rates funding of £nil (2020: £15k); and other amounts in advance of £14k (2020: £12k).

#### 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 2021 are represented by:</b>				
Tangible fixed assets	-	-	32,568	32,568
Current assets	726	993	244	1,963
Creditors falling due within one year	120	(887)	-	(767)
Defined benefit pension 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>
	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	31,693	31,693
Current assets	1,468	91	1,561	3,120
Creditors falling due within one year	-	(738)	-	(738)
Defined benefit pension liability	-	(3,179)	-	(3,179)
<b>Total net assets</b>	<b>1,468</b>	<b>(3,826)</b>	<b>33,254</b>	<b>30,896</b>

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 18 Funds

	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)	-	-
Other DfE / ESFA grants	26	580	(597)	-	9
Catch-up premium	-	170	(75)	-	95
Other government grants	41	222	(263)	-	-
Coronavirus job retention scheme grant	-	9	(9)	-	-
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 and other funds	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 2021**

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### 18 Funds

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 2021.

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 £32,568k (2020: £31,693k) plus the unspent element of Capital funds of £244k (2020: £1,561k). 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 2021

### 18 Funds

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

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(340)	7,826	(8,203)	3	(714)
Pupil premium	-	227	(227)	-	-
Other DfE / ESFA grants	7	891	(872)	-	26
Other government grants	-	244	(198)	(5)	41
Other restricted funds	-	49	(49)	-	-
Pension reserve	(2,946)	-	(456)	223	(3,179)
	<u>(3,279)</u>	<u>9,237</u>	<u>(10,005)</u>	<u>221</u>	<u>(3,826)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	28,512	-	(362)	-	28,150
DfE group capital grants	3,296	1,623	(78)	(16)	4,825
Capital expenditure from GAG and other funds	222	-	(80)	96	238
Private sector capital sponsorship	78	-	(37)	-	41
	<u>32,108</u>	<u>1,623</u>	<u>(557)</u>	<u>80</u>	<u>33,254</u>
<b>Total restricted funds</b>	<u>28,829</u>	<u>10,860</u>	<u>(10,562)</u>	<u>301</u>	<u>29,428</u>
<b>Unrestricted funds</b>					
General funds	<u>1,269</u>	<u>467</u>	<u>(190)</u>	<u>(78)</u>	<u>1,468</u>
<b>Total funds</b>	<u>30,098</u>	<u>11,327</u>	<u>(10,752)</u>	<u>223</u>	<u>30,896</u>

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 18 Funds

#### Total funds analysis by academy

	2021 £'000	2020 £'000
Fund balances at 31 August 2021 were allocated as follows:		
Oak Lodge Primary School	37	186
Marian Vian Primary School	35	228
Wickham Common Primary School	16	(11)
Unicorn Primary School	18	312
Central services	846	106
Total before fixed assets fund and pension reserve	952	821
Restricted fixed asset fund	32,812	33,254
Pension reserve	(3,345)	(3,179)
Total funds	30,419	30,896

Fund balances at 31 August 2021 at school level represent unspent ring-fenced grants such as Catch-up Funding and Sports Premium.

#### 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 2021 £'000	Total 2020 £'000
Oak Lodge Primary School	1,833	286	20	406	2,545	2,537
Marian Vian Primary School	1,971	227	49	464	2,711	2,743
Wickham Common Primary School	1,382	123	29	310	1,844	1,905
Unicorn Primary School	1,571	82	39	348	2,040	1,960
Central services	121	844	-	161	1,126	1,050
	6,878	1,562	137	1,689	10,266	10,195

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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**19 Reconciliation of net (expenditure)/income to net cash flow from operating activities**

	2021 £'000	2020 £'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(785)	575
Adjusted for:		
Capital grants from DfE and other capital income	(33)	(1,623)
Investment income receivable	-	(1)
Defined benefit pension costs less contributions payable	420	399
Defined benefit pension scheme finance cost	54	57
Depreciation of tangible fixed assets	546	557
Decrease/(increase) in debtors	1,261	(844)
Increase/(decrease) in creditors	29	(34)
<b>Net cash provided by/(used in) operating activities</b>	<b>1,492</b>	<b>(914)</b>

**20 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 £164k (2020: £158k) were payable to the schemes at 31 August 2021 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 academies. 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.

**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.

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 20 Pension and similar obligations

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 2023.

The employer's pension costs paid to the TPS in the period amounted to £945k (2020: £936k).

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	2021 £'000	2020 £'000
Employer's contributions	473	474
Employees' contributions	122	118
Total contributions	595	592
Principal actuarial assumptions	2021 %	2020 %
Rate of increase in salaries	4.20 to 4.30	3.80 to 3.90
Rate of increase for pensions in payment/inflation	2.80 to 2.90	2.40 to 2.50
Discount rate for scheme liabilities	1.70	1.80
CPI Inflation	2.70 to 2.80	2.30 to 2.40

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 20 Pension and similar obligations

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

	2021 Years	2020 Years
Retiring today		
- Males	22.9	22.8
- Females	25.3	25.2
Retiring in 20 years		
- Males	24.8	24.7
- Females	27.3	27.2

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

	2021 £'000	2020 £'000
Discount rate + 0.1%	11,483	11,584
Mortality assumption + 1 year	12,080	12,154
CPI rate + 0.1%	11,949	12,057

Defined benefit pension scheme net liability	2021 £'000	2020 £'000
Scheme assets	8,369	6,566
Scheme obligations	(11,714)	(9,745)
Net liability	(3,345)	(3,179)

The academy trust's share of the assets in the scheme	2021 Fair value £'000	2020 Fair value £'000
Equities	5,516	4,310
Government bonds	242	452
Other bonds	661	415
Cash/liquidity	75	51
Property	411	249
Other assets	1,464	1,089
Total market value of assets	8,369	6,566

The actual return on scheme assets was £1,285,000 (2020: £634,000).

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 20 Pension and similar obligations

Amount recognised in the statement of financial activities	2021 £'000	2020 £'000
Current service cost	877	817
Past service cost	-	42
Interest income	(123)	(129)
Interest cost	177	186
Administration expenses	16	14
Total operating charge	947	930

Changes in the present value of defined benefit obligations	2021 £'000
At 1 September 2020	9,745
Current service cost	877
Interest cost	177
Employee contributions	122
Actuarial loss	854
Benefits paid	(61)
At 31 August 2021	11,714

Changes in the fair value of the academy trust's share of scheme assets	2021 £'000
At 1 September 2020	6,566
Interest income	123
Actuarial gain	1,162
Employer contributions	473
Employee contributions	122
Benefits paid	(61)
Administration expenses	(16)
At 31 August 2021	8,369

### 21 Analysis of changes in net funds

	1 September 2020 £'000	Cash flows £'000	31 August 2021 £'000
Cash	1,399	104	1,503

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 22 Long-term commitments, including operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £'000	2020 £'000
Amounts due within one year	4	7
Amounts due in two and five years	15	1
	<u>19</u>	<u>8</u>

#### 23 Capital commitments

	2021 £'000	2020 £'000
Expenditure contracted for but not provided in the Financial Statements	<u>194</u>	<u>1,625</u>

#### 24 Related party transactions

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

During the year expenditure of £2,477 (2020: £2,621) 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.

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

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

#### 25 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.

# COMPASS ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **26 Prior year adjustment**

Allocation of income and expenditure to appropriate headings was considered following the reclassifications in the Academies Accounts Direction 2020/2021 and the ESFA chart of accounts. The allocation of income and expenditure in the prior year has been amended in order for the two years to be comparable. There was no impact on the reported surplus for the year, reserves at year end or on any balance sheet items.