

Company Registration No. 09323096 (England and Wales)

COMPASS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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COMPASS ACADEMY TRUST

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COMPASS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

M Bernard
A Medhurst
I Stedman

Directors (Trustees)

G Arbuckle
J Couch
J Forsyth
W Giles (resigned 31st August 2023)
A Medhurst (Chair of Trustees)
T Robin
G Walters

Chief Executive Officer & Accounting Officer: S Ellis

LOCAL GOVERNING BODIES (Membership as at 31 August 2023)

Marian Vian Primary School

D Banks
J Couch (resigned 1st September 2022)
P Daw (Chair)
J Fontelle
A Gorman
R Loader
H Russell
D Sinclair (appointed 11th January 2023)
D Snook
I Redgrave (Headteacher)

Oak Lodge Primary School

J Ashforth (Chair)
J Brunoir (resigned 10th January 2023)
T Burrill
E Kempton (resigned 19th April 2023)
A Loveless
H O'Sullivan
G Tysall (appointed 1st September 2023)
D Lowton (Headteacher)

Unicorn Primary School

S Ayre (appointed 27th September 2023)
N Bridges
W Butt (Chair)
E Codling (resigned 8 September 2022)

H Coupe (Appointed 16th February 2023)
E Ince (resigned 1st June 2023)
M Moin (resigned 21st July 2023)
G Preston
R Strong (appointed 27th September 2023)
N Wilgoss (nee Owen) (resigned 30th September 2023)
V Elvines (Headteacher)

Wickham Common Primary School

J Carroll (resigned 28 November 2022)
J Cleary
P Critten (resigned 31st August 2023)
H Davis (appointed 7th February 2023)
S Fletcher (resigned 23rd July 2023)
K Fudge
V Miran (appointed 4th October 2023)
S Newman (Chair)
E Reynolds (resigned 6th October 2023)
Z To Browne
J Kennedy
J Walker Smith (resigned 6 September 2022)
G Walters (resigned 1st September 2022)
K Williams (appointed 3rd September 2023)
D Allis (Headteacher) (retired 31st December 2022)
R Williams (Headteacher) (appointed 1st January 2023)

Senior Management Team:

Central Team

| | |
|--|-------------|
| Chief Executive Officer | S Ellis |
| Executive Head Teacher | S Robertson |
| Director of Finance & Operations (CFO) | K Williams |

Marian Vian Primary School

| | |
|---------------------|------------|
| Head Teacher | I Redgrave |
| Deputy Head Teacher | K Swain |

COMPASS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Oak Lodge Primary School

| | |
|---------------------------------|--|
| Head Teacher | D Lowton |
| Deputy Head & Head of Inclusion | E Thompson (resigned 31 st December 2022) |
| Assistant Head Teacher | L Allen |
| Assistant Head Teacher | D Grice (appointed 1 st January 2023) |

Unicorn Primary School

| | |
|------------------------|-----------|
| Head Teacher | V Elvines |
| Assistant Head Teacher | C Bevan |

Wickham Common Primary School

| | |
|------------------------|---|
| Head Teacher | D Allis (retired 31 st December 2022) |
| Head Teacher | R Williams (appointed 1 st January 2023) |
| Assistant Head Teacher | B Slack (appointed 29 th August 2023) |

| | |
|------------------------------------|------------------------------|
| Company registration number | 09323096 (England and Wales) |
|------------------------------------|------------------------------|

| | |
|--------------------------|--|
| Registered office | Marian Vian Primary School Shirley Crescent Elmers End Beckenham Kent BR3 4AZ |
|--------------------------|--|

| | |
|----------------------------|--|
| Independent auditor | Baxter & Co Lynwood House Crofton Road Orpington Kent BR6 8QE |
|----------------------------|--|

| | |
|----------------|--|
| Bankers | Lloyds Bank plc 6-9 Market square Bromley Kent BR1 1NA |
|----------------|--|

| | |
|-------------------|---|
| Solicitors | Birkett Long Phoenix House Christopher Martin Road Basildon Essex SS14 3EZ |
|-------------------|---|

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 01 September 2022 to 31 August 2023. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

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 2,156 and had a total roll of 2,023 on the school census in October 2022 across its four schools.

Structure, governance and management

Constitution

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

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

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of trustees

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

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

Policies and procedures adopted for the induction and training of Trustees

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

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

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 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 and there is a Director of Finance & Operations as the named Chief Financial Officer directly supported by the Assistant Director of Operations & HR and Head of Finance.

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

Arrangements for setting pay and remuneration of key management personnel

Together with the Chief Executive Officer, Director of Finance & Operations and Headteachers (ELT), the Senior Leadership Teams (SLT) of the four schools are the key management personnel of the Trust. Trustees are also senior management although they receive no pay or other remuneration in respect of their role as Trustees. There are no Staff Trustees and the Chief Executive Officer is not a Trustee.

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

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FOR THE YEAR ENDED 31 AUGUST 2023

Trade Union Facility Time

Relevant union officials

| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
|--|--------------------------------------|
| 0 | 0 |

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

| | |
|---|---------|
| Total Cost of facility time | £0 |
| Total Pay bill | £8,689k |
| Percentage of the total pay bill spent on facility time | 0% |

Paid trade union activities

| | |
|--|----|
| Time spent on paid trade union activities as a percentage of total paid facility time hours. | 0% |
|--|----|

Related Parties and other Connected Charities and Organisations

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

Compass Academy Trust is connected to the Oak Lodge Primary School Educational Development Initiative Fund, a trust whose objective is to advance the education of the pupils of Oak Lodge Primary School by providing or assisting in the provision of education, recreational and other charitable facilities which are not otherwise publicly funded. The funds from this trust have been fully utilised and the intention is to close the charity during 2023/24.

Each school within the Trust has a parent association which has a separately-registered charity, formed and run by volunteers, in order to organise events and raise additional funds for the school. The charities are as follows:

Marian Vian PTA – charity registration number 1056792

Oak Lodge Friends of the School Association – charity registration number 1113164

Friends of Unicorn Primary School – charity registration number 1121807

Wickham Common Primary School PTA – charity registration number 1044371

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

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

- achieving a common awareness on the part of all employees of the factors affecting the performance of the Trust.

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

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

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

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

The Trust recognises that equal opportunities should be an integral part of good practice and are proud of the diversity and inclusive culture within the work place. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

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

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

Objectives, strategies and activities

Objects and aims

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

The Academy Trust's objects are:

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

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FOR THE YEAR ENDED 31 AUGUST 2023

Objectives, strategies and activities

The main objectives for Compass Academy Trust during 2022-3 were as detailed below. The key foci were around:

1. High Quality Education for All
2. Educational/Financial Sustainability

Strategic Priorities were determined as follows:

1.0 High Quality of Education for All:

1.1 Quality of Education

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

1.2 Behaviour & Attitudes

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

1.3 Personal Development

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

1.4 Leadership & Management

- Distributed leadership model embedded through the intentional development of middle and senior leaders through coaching, mentoring and professional development (e.g NPQs)
- Culture of EDI built through awareness and training
- HR Strategy including recruitment, retention and staff wellbeing

Summary of Achievement

Middle leaders continued to work collaboratively to ensure that curriculum design and implementation was effective across both the academic and wider curriculum. Long and medium-term planning processes were refined in the light of school evaluation to ensure effective progression and sequencing of learning, based on the curriculum drivers of the Trust and each school, underpinned by the Trust core values of Respect, Resilience and Resourcefulness. A focus on equality, diversity & Inclusion across the curriculum as well as training for staff focused on unconscious bias was started although this will remain a strong focus particularly in relation to a developing HR strategy.

The Trust developed, through the collaborative work of Headteachers, a new Behaviour & Relationships Policy that is based on evidence-based research and will ensure both a common approach to building a positive learning environment and school culture through approaches such as restorative justice, intrinsic motivation and a greater awareness of trauma informed practice.

We have continued to build leadership capacity through distributed leadership, especially with middle leaders who have shown themselves to be effective in supporting a strong delivery of the curriculum and supporting school improvement. There has been a strong take up and completion of National Professional Qualifications at all levels including up to Executive Leadership (NPQEL).

We were delighted to receive a strong report with the affirmation that Marian Vian continues to be a good school from an Ofsted inspection in the summer term. National outcomes have been pleasing across the Trust showing above national average results in the vast majority of categories. Pupil attendance showed significant improvement due to the pastoral and tenacious approach of school leaders although it is recognised that there is still work to be done to achieve pre-pandemic levels of attendance which will hopefully be achieved in 2023-4.

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2.0 Educational/financial sustainability

- Due diligence leads to a decision regarding Connect Schools Academy Trust (CSAT)/Compass Academy Trust (CAT) merger.
- Stakeholder consultation undertaken for the proposed merger.
- Continue to build collaborative relationship with CSAT and develop joint quality assurance/school improvement offer to schools.
- Business Case and Strategic Plan agreed for both educational and business services.
- DfE approval sought and achieved once suitable sustainability option agreed.
- Future structures and project plans agreed
- Tactically, optimise income generation within the Trust, through lettings and securing a lease agreement for the children's centre at Marian Vian Primary School with a local nursery provider.

Summary of Achievement

Following a detailed due diligence exercise by the trustees of Compass Academy Trust and Connect Schools Academy Trust, the decision was made to seek a merger agreement from the DfE, and a successful Business Case was submitted and approved. As a joint entity we will work together to build on the strong relationship that has been established, delivering effective quality assurance to schools and carefully considering a 3-year plan for the new Trust, which will be called Mosaic Schools Learning Trust. There is a shared one-year plan for both Compass and Connect Trusts to focus on in the year leading up to formal merger.

Specific to Compass Academy Trust we have been pleased to see an increase in lettings income and greater take up in wrap around care following uncertain patterns of participation following the end of the pandemic. The lease arrangements have been finalised for the Children's Centre at Marian Vian, allowing an external pre-school to use the site, although protracted legal matters prevented the full benefit of the income being realised during the 2022-23 academic year.

3.0 Embed and develop business services

- Develop knowledge and skills within the Central Team to build resilience
- Embed Finance System and exploit reporting capability
- Develop HR Strategy to support recruitment, retention and wellbeing
- Embed Arbor and exploit wider functionality and reporting
- Enhance cyber security arrangements via cloud-based operations and 2-factor authentication.
- Seek environmental opportunities to reduce carbon footprint whilst reviewing/renewing Estates Management Plans.
- Work in partnership with the external catering company to maintain a viable schools meal offer.

We have continued to develop the staff in our Central team to build capacity. The team are highly valued by our schools in the services they provide to deliver finance, human resources, marketing, premises and administration services. A strategic decision was made to upgrade the finance system in preparation for the merger and the training for this has been successfully undertaken and the system implemented in the Trust. The HR strategy remains a work in progress but we were pleased to set up a Supervision system for Headteachers and other Executive leaders, recognising the value that this support provides. Arbor has continued to be used and further work to widen the use of this, particularly in relation to academic assessment tracking, will take place in 2023-4. Two factor authentication was successfully implemented with all staff, trustees and governors being trained on cybersecurity. Ongoing assessment is taking place to find 'green' opportunities within the Trust premises. This has particularly been achieved through the implementation of LED lighting and heating improvements. Revised Estates Management Plans are due for renewal in 2023-4. Successful CIF bids will further develop improvements to the environmental impact through improvements to roofing and heating systems in particular. The new catering contract continues to embed in our schools and the introduction of the London Mayor's 'Free School Meals' plan for all primary age children for 2023/2024 has been successfully implemented.

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

Public benefit

Compass Academy Trust schools provide education for primary age children within the Beckenham and West Wickham areas of the London Borough of Bromley. The Trust contributes to the benefit of the wider public by letting its premises to external agencies for the provision of educational, recreational and other activities.

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.

Key Performance Indicators (KPIs)

| KPI | Achievements and Objectives |
|--|--|
| Financial Sustainability | Budgets for 2022/2023 reported in-year surpluses for three out of the four schools and an increased total in year surplus across the Trust against original approved budgets and latest forecasts. |
| Ofsted Inspection Results | Marian Vian – "Good" June 2023 Oak Lodge – "Good" June 2019 Unicorn – "Good" September 2019 Wickham Common – "Good" February 2018 |
| Pupil Numbers On Roll as at October 2022 Census | Marian Vian – 606 (654 places) 92.7% Oak Lodge – 571 (622 places) 91.8% Unicorn – 425 (444 places) 95.7% Wickham Common – 421 (436 places) 96.6% |
| Streamlined Energy & Carbo Report (SECR) Intensity Ratio – Tonnes CO2 per pupil | 2022/2023 – 0.17 2021/2022 – 0.23 2020/2021 – 0.27 2019/2020 – 0.21 |

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that 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.

Promoting the success of the company

The Board in its decision-making has consistently acted in a way to have regard to:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the company.

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FOR THE YEAR ENDED 31 AUGUST 2023

Financial review

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

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

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

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

The following balances were held at 31 August:

| Fund | Category | 2023 £'000 | 2022 £'000 |
|---|-----------------------------|----------------------|----------------------|
| GAG | Restricted General Funds | - | - |
| Other DfE/ESFA Grants | Restricted General Funds | 7 | - |
| Other Government Grants | Restricted General Funds | - | - |
| Other Income | Restricted General Funds | - | - |
| Sub-total General Restricted Funds | | 7 | - |
| Unspent Capital Grants | Restricted Fixed Asset Fund | 1,109 | 232 |
| Other Income | Unrestricted General Fund | 1,120 | 1,111 |
| Sub-Total Spendable Funds | | 2,229 | 1,343 |
| Net Book Value of Fixed Assets | Restricted Fixed Asset Fund | 32,680 | 32,472 |
| Share of LGPS Deficit | Restricted Pension Reserve | - | (221) |
| Total All Funds | | <u>34,916</u> | <u>33,594</u> |

During the year under review, there was an increase of £7k (2022: decrease of £106k) on general restricted funds, an increase of £9k (2022: increase of £265k) on unrestricted funds and after LGPS valuation adjustments, depreciation and capital income and expenditure, an overall increase of £1,322k (2022: increase of £3,175k).

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

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FOR THE YEAR ENDED 31 AUGUST 2023

The financial position of the Trust has improved over the past financial year despite reserves being accessed to deliver the second phase of the ICT strategic plan and the purchase of a new Trust finance system and budget software package.

Staffing structures continue to be adapted through natural wastage to ensure staffing levels are moving towards a more financially sustainable model. All premises related expenditure is managed through the central business services team to ensure it is directed to areas of need and that programmes of works are organised strategically through estate management plans.

During the year, three schools were successfully awarded Condition Improvement Funding (CIF) for significant capital projects including fire safety, boiler and heating systems and roofing works. Funding was accrued at 31st August 2023, in the year in which the project was awarded.

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

The key factors that are likely to affect the Trust's financial position going forward are staff pay awards, reduced funding as a result of pupil numbers and the cost of inflation affecting services and supplies. The Trust has a fixed energy contract until October 2024 and will procure a new Trust wide contract before the existing contract expires.

Reserves policy

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

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

Investment policy

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

Principal risks and uncertainties

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

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:

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

- Competition from other schools in respect of admissions and maintaining/increasing pupil numbers.
- Staff recruitment and retention in challenging employment markets.
- Unfavourable Ofsted report for schools due an inspection.
- Failure to manage medium to long term financial sustainability.
- Loss of a critical service due to staffing or availability of supplies.

The principal financial risk faced by the Trust is that income does not meet essential expenditure because of local competition for pupils on roll resulting in a reduction in funding. Our budgeting and reporting processes, (including scrutiny by Trustees), coupled with a focus on income generation and achieving operational efficiencies will ensure this risk is managed, but the Trust recognises that the current economic climate, the local primary age population and other external factors will have an impact. The future merger and growth of the Trust is a key area of focus to mitigate the risk of long-term financial sustainability for the Trust.

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

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

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 2023 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Our fundraising practices

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

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

There have been no complaints about fundraising activity this year.

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

All fundraising is undertaken by the trust in a manner that seeks to ensure that it is not unreasonably intrusive or persistent. Contact is made through email, academy newsletters, websites and via students.

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

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

Streamlined energy and carbon reporting (SECR)

| UK Greenhouse gas emissions and energy use data for the period | 1 September 2022 to 31 August 2023 | 1 September 2021 to 31 August 2022 |
|--|------------------------------------|------------------------------------|
| Energy consumption used to calculate emissions (kWh) | 1,860,969 | 2,524,594 |
| Energy consumption break down (kWh) | | |
| • gas, | 1,288,513 | 1,905,023 |
| • electricity, | 570,241 | 617,001 |
| • transport fuel | 1,980 | 2,221 |
| <u>Scope 1 emissions in metric tonnes CO2e</u> | | |
| Gas consumption | 235.23 | 348.92 |
| Owned transport – mini-buses | 0.43 | 0.54 |
| <u>Total scope 1</u> | 235.67 | 349.47 |
| <u>Scope 2 emissions in metric tonnes CO2e</u> | | |
| Purchased electricity | 118.08 | 131.01 |
| <u>Scope 3 emissions in metric tonnes CO2e</u> | | |
| Business travel in employee owned vehicles | 0.06 | 0.02 |
| Total gross emissions in metric tonnes CO2e | 353.81 | 480.49 |
| <u>Intensity ratio</u> | | |
| Tonnes CO2e per pupil | 0.17 | 0.23 |

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 2023 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

In the financial year 2021/2022 the intensity ratio was 0.23, this has reduced by 0.5 to 0.17 in 2022/2023. The decrease is thought to be as a result of a reduction in energy consumption due to the measures taken and listed below:

- A reduction in covid protocols meant buildings were not vented, as they have been in previous years, reducing energy consumption.
- A mild winter meant that the demand for heating was significantly reduced.

Measures taken to improve energy efficiency

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

- BMS systems were programmed to better reflect highest occupation times E.g., 7.30am-3.30pm.
- Air conditioning units, in particular at Unicorn, were shut down remotely during the cooler months. There had been a tendency to operate these units to provide additional heating.
- Increased video conferencing technology for staff meetings and LGB/Trustee meetings to reduce the need for travel between sites.
- Published the Energy Usage – Good Practice in Schools document for staff, to encourage better practices throughout the Trust.

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

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

- The successful application for CIF funding to replace the old and inefficient boilers at Wickham Common.
- The successful application for CIF funding for roof repairs and improved insulation at Oak Lodge.
- Review of staff energy usage and introduce a policy for best practices to promote and improve energy efficiency.
- Continued investment in LED lighting (OL, WC & U) and roof insulation (MV) using the Government Capital Energy Efficiency Grant.

Plans for future periods

Compass Academy Trust is in the process of merging with Connect Schools Academy Trust to form Mosaic Schools Learning Trust which is envisaged to become effective from 1 September 2024. The two trusts have agreed a combined Business Plan for the period 2023 – 2025 and a one-year Strategic Plan for the current academic year 2023-24. Both trusts are already working collaboratively in many areas and it is therefore pertinent that shared objectives have been agreed by the respective boards.

We retain some core principles in achieving these objectives:

Strategic Area 1: Outstanding Academy Outcomes

- In all schools at least 90% of pupils within each year group will make the expected progress from their EYFS/KS 1 starting points.
- All schools will meet their aspirational HT/FFT targets for each year group at expected in reading, writing and maths separately that are at least in line with national.
- By the end of the year, Good Level of Development (GLD) in EYFS will be at least in line with national in all schools or the HT target, whichever is higher
- Pupil premium children in all schools to be within 10% of all children at expected and above expected for all pupils.
- Each school will have an overview of how their curriculum will be underpinned by their individual curriculum drivers and curriculum vision. Each subject area will have a clear progressive curriculum that supports excellence and meets clearly set end points.
- Strong outcomes in foundation subjects will be verified through appropriate assessment. At least 80% of children will be achieving the expected standard in at least four foundation subjects.
- Each school will have developed a strategy to interleave key aspects of personal development.
- Create a clear core offer for all Trust children. Complete a cross school audit in identified areas of the core offer, to ascertain where actions are needed to support all schools having access to the same level of support and resources.

Strategic Area 2: Outstanding Teaching and Learning and Assessment

- All schools will have 100% good or better teaching within the classroom in line with teacher standards, by the end of the Autumn term each year, (excluding ECT's).
- Early Careers Teachers (ECTs) will be good or better by the end of their first year in every school in line with the Early Careers Framework.
- Each school will have a robust curriculum with purposeful and effective assessment. Trust level assessment in place to ensure consistency of standards for four foundation subjects.
- Trust wide evidence informs teaching and learning principles.

Strategic Area 3: Outstanding Leadership At All Levels

- With support from the project manager, a detailed project plan to point of merger will be devised so that all actions and deadlines are met.
 - Trust expectations created to outline expected joint working between subject specific leaders across the Trust.
 - To consider a model for cross Trust leadership that brings together both organisations.
-

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

- To ensure that Head Teachers understand what instructional leadership is and what it means for them in their schools.
- Two leaders secure external roles to support others in the wider community and add credibility to the Trust.
- To develop a clear strategy for quality assuring governance at all levels. Internal/external quality assurance are detailed in the strategy.
- Both Trusts have combined thinking in terms of EDI and one clear strategy and vision. All schools to have taken part in a well-recognised EDI Programme.

Strategic Area 4 - Strategic Aims to Achieve Exceptional Systems and Processes

- Finance system and budgeting, payroll, HR, energy, audit and cleaning will all be centrally procured. HR and Finance policies will be harmonised in readiness for the merger.
- Centralised record of all contracts, service level agreements and licences in place, to include notice periods and procurement deadlines. Approaches to procurement are aligned across both Trusts. Schools will produce an in-year balanced budget for the year based on the same assumptions across both Trusts. There will be a consistent approach across both Trusts when engaging with Head Teachers re budgets. Management accounts will be produced in the same format and presented to the respective Trust Boards.
- Merge compliance expectations of both Trusts into one effective system.
- To collate the current position of IT across both Trusts in terms of infrastructure and strategic vision. A pre-merger communication strategy created to ensure active engagement of stakeholders throughout the process. Branding to be approved and in place. Trust level communication within both Trusts to be considered and a new strategy created.
- Create a Trust criteria on which to consider capital (SCA) allocations against.

Strategic Area 5 – Strategic Aim to Ensure Investment in People

- Teachers and TAs to have 1:1 meetings with a senior leader to support the creation of a plan that maps career aspirations.
- A training road show for TA's will have been devised as appropriate to needs.
- Teachers directed to opportunities, training and secondment possibilities.
- Supervision for all key leaders in place.
- Communication re harmonisation of policies and commitment to equality.
- System to ensure all adverts are accessible to all. Termly HR newsletter. HR reporting to Trustees re EDI Trust staffing profile.
- Investigate IIP mark and present findings to Trustees. Decision made as to whether to pursue the IIP mark.

Strategic Area 6 - Aims to ensure a focus on Safeguarding and Safety

- The operation of the schools' behaviour and PD curriculum, ensures that all stakeholders are committed to an environment that promotes the highest levels of personal and physical wellbeing.
- To secure robust systems and processes for safeguarding as two organisations join together in terms of policies, training, practice and review within schools and complaints.
- The Trust has an up-to-date overview of the developing behaviours within its communities and ensures that schools have the right information to educate pupils and staff appropriately.

Strategic Area 7 –Planning for Sustainability

- To have approached and developed collaborative relationships with two schools in the Tonbridge area and two schools in the Dartford area.
- Identify key personnel within the Trust and produce a plan that outlines risk in terms of potential leavers and retirees.

COMPASS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

- We will have recruited at least five students to the programmes combined (school direct/apprenticeship), and these will have supported filling the gaps of additional teachers needed for September.

Funds Held as Custodian Trustee

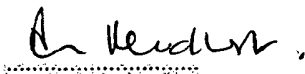
The trust did not hold any funds in the role of custodian trustee on behalf of any third parties.

Auditor

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on14th December 2023..... and signed on its behalf by:



A Medhurst
Chair of Trustees

COMPASS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

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 ten times during the period.

Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustees | Meetings attended | Out of possible |
|----------------------------|-------------------|-----------------|
| G Arbuckle | 10 | 10 |
| J Couch | 10 | 10 |
| W Giles | 6 | 8 |
| J Forsyth | 4 | 10 |
| A Medhurst (Chairperson) | 9 | 10 |
| T Robin (Vice Chairperson) | 9 | 10 |
| G Walters | 7 | 10 |

Board changes at the end of the 2022/23 year were the resignation of W.Giles.

The board has focused its work throughout the year on a number of key deliverables which included:

- To ensure the ongoing effective and efficient management of resources to support the Trust's financial sustainability.
- To undertake due diligence to inform the decision to apply for approval from the DFE to merge with Connect Schools Academy Trust.
- To consider the future strategic direction of the new merged Trust.
- To ensure a high quality of education for all children.

Conflict of Interest

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

Governance reviews

Throughout the year, the Board of Trustees continued to review its arrangements for governance. To ensure robust governance and that the role of Accounting Officer was being fulfilled effectively, the Chair of Trustees met with the Chief Executive Officer on a regular basis to discuss progress against objectives and ongoing priorities. Performance management was performed in conjunction with a number of other Trustees who provided further challenge and support in ensuring the fulfilment of the CEO role remained effective and appropriate for the period ended 31 August 2023.

COMPASS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

The Board reviewed the scheme of delegation for Members, Board, Accounting Officer and Executive Leadership Team to ensure its relevance, 'fit for purpose' and that it meets the Boards statutory responsibilities.

The Board has undertaken the NGA skills audit in order to identify gaps for recruitment, CPD requirements and develop improved governance arrangements. The Governance Manager keeps a record of all training and professional development completed by Trustees.

The Resources & Audit Committee is a sub-committee of the main Board. It obtains regular reports from the Director of Finance and Operations. The focus of the Resources element is to plan, monitor and recommend budget to the Board, oversee staff structures and development and review and agree strategic premises management. The focus of the Audit element is internal scrutiny, maintenance and review of the Risk Register, reviewing reports from the Trust's Internal and External Auditors and recommendations on pay policy. The committee has formally met six times during the year.

Attendance at meetings in the year was as follows:

| Trustees | Meetings attended | Out of possible |
|-----------------------|-------------------|-----------------|
| G Arbuckle | 6 | 6 |
| J Couch (Chairperson) | 6 | 6 |
| A Medhurst | 6 | 6 |
| G Walters | 5 | 6 |
| J Forsyth | 3 | 6 |

Review of Value for Money

The Accounting Officer (AO) has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to educational and wider societal outcomes, as well as estates safety and management, achieved in return for the taxpayer resources received.

The AO has considered how the Trust's use of its resources has provided good value for money during the year and how it can be improved. Value for money remains an inherent consideration in both the setting of our wider strategy and objectives for the year, and as an important measure in our ongoing assessment of achievements and performance.

With grant allocations not keeping pace with real time cost increases and falling pupil numbers on roll, the financial challenge the Trust is facing, now and in the future, demands continued close scrutiny of value for money and action to maximise investment in education. Initiatives to improve value for money include:

- The centralised Finance & Business Services team delivering 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 achieved.
- Procurement of Trust-wide contracts for Compass schools to realise efficiencies in the tender process and best value in terms of financials and quality of service.
- The centralised facilities function leading the oversight and coordination of bidding for capital grants (mainly CIF) to ensure consistency and best practice to improve the probability of successful bid outcomes.
- Setting income generation targets to maximise the use of Trust facilities, increasing revenue through hire charges and providing a wide range of activities to benefit children and the local community.
- A review of energy usage and best practice to minimise waste, reduce costs and promote sustainability.
- 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.
- Ensuring that common training requirements for both staff and governors across the Trust have been identified and delivered at best value for money.

COMPASS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

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 period 01 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 01 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements. 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 March 2023 and reviewed by the Resources and Audit committee. The summary highlighted the need for:

- the review of the school asset management plans and the Trust estates vision and strategy;
- the use of DfE frameworks for comparison to ensure procurement is achieving best value for money;
- the review of income generation; and
- ensuring that forecasts are as accurate as possible.

The internal scrutiny programme for 2022/2023 was based on an assessment of risk. The Trust agreed the scope of work with the provider to include reports to the Board on the operation of the systems of control and on the discharge of the Board's financial and key non-financial responsibilities. During 2021/22, reviews included Payroll & HR, Budget Control and Management Accounting Processes, Central Trust Function and Pupil Premium.

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 2023

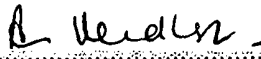
Review of effectiveness

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:

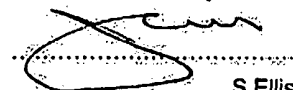
- the work of the Internal Auditor
- the work of the External Auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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 **14th December 2023** and signed on its behalf by:



A Medhurst
Chair of Trustees



S Ellis
Accounting Officer

COMPASS ACADEMY TRUST

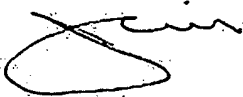
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2023

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, including for estates safety and management, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academy Trust Handbook 2022.

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

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COMPASS ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2023

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 2022 to 2023 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 2022 to 2023;
- 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 14th December 2023 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 2023

Opinion

We have audited the Financial Statements of Compass Academy Trust for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 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 2023 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 2022 to 2023.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the Financial Statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

COMPASS ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2023

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Financial Statements, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

COMPASS ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2023

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

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

15 December 2023

Chartered Certified Accountants
Statutory Auditor

Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

COMPASS ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2023

In accordance with the terms of our engagement letter dated 17 May 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, 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 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Compass Academy Trust's funding agreement with the Secretary of State for Education dated 26 August 2014 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Review of some key financial control procedures;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of internal scrutiny implemented by the Academy Trust in order to comply with its obligations under 3.1 of the Academy Trust Handbook 2022, issued by the ESFA.

COMPASS ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2023

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 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baxter & Co.

Reporting Accountant

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

Dated: 15 December 2023

COMPASS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

| | Notes | Unrestricted funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total 2023 £'000 | Total 2022 £'000 |
|--|-------|--------------------------------|---------------------------------------|----------------------|------------------------|------------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 3 | 8 | 48 | 1,581 | 1,637 | 404 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 4 | 343 | 10,444 | - | 10,787 | 10,388 |
| Other trading activities | 5 | 382 | 47 | - | 429 | 283 |
| Total | | <u>733</u> | <u>10,539</u> | <u>1,581</u> | <u>12,853</u> | <u>11,075</u> |
| Expenditure on: | | | | | | |
| Raising funds | 6 | 12 | - | - | 12 | 9 |
| Charitable activities: | | | | | | |
| - Educational operations | 8 | 712 | 10,526 | 594 | 11,832 | 11,571 |
| Total | 6 | <u>724</u> | <u>10,526</u> | <u>594</u> | <u>11,844</u> | <u>11,580</u> |
| Net income/(expenditure) | | 9 | 13 | 987 | 1,009 | (505) |
| Transfers between funds | 16 | - | (98) | 98 | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial gains on defined benefit pension schemes | 18 | - | 313 | - | 313 | 3,680 |
| Net movement in funds | | 9 | 228 | 1,085 | 1,322 | 3,175 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 1,111 | (221) | 32,704 | 33,594 | 30,419 |
| Total funds carried forward | | <u>1,120</u> | <u>7</u> | <u>33,789</u> | <u>34,916</u> | <u>33,594</u> |

COMPASS ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2023

| Comparative year information Year ended 31 August 2022 | Notes | Unrestricted funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total 2022 £'000 |
|---|-------|--------------------------------|------------------------------------|----------------------|------------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | 2 | 37 | 365 | 404 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | 338 | 10,050 | - | 10,388 |
| Other trading activities | 5 | 283 | - | - | 283 |
| Total | | <u>623</u> | <u>10,087</u> | <u>365</u> | <u>11,075</u> |
| Expenditure on: | | | | | |
| Raising funds | 6 | 9 | - | - | 9 |
| Charitable activities: | | | | | |
| - Educational operations | 8 | 349 | 10,671 | 551 | 11,571 |
| Total | 6 | <u>358</u> | <u>10,671</u> | <u>551</u> | <u>11,580</u> |
| Net Income/(expenditure) | | 265 | (584) | (186) | (505) |
| Transfers between funds | 16 | - | (78) | 78 | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial gains on defined benefit pension schemes | 18 | - | 3,680 | - | 3,680 |
| Net movement in funds | | 265 | 3,018 | (108) | 3,175 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 846 | (3,239) | 32,812 | 30,419 |
| Total funds carried forward | | <u>1,111</u> | <u>(221)</u> | <u>32,704</u> | <u>33,594</u> |

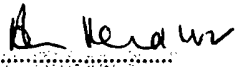
COMPASS ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2023

| | | 2023 | 2022 |
|--|-------|----------------|---------------|
| | Notes | £'000 | £'000 |
| Fixed assets | | | |
| Tangible assets | 12 | 32,680 | 32,472 |
| Current assets | | | |
| Debtors | 13 | 1,344 | 386 |
| Cash at bank and in hand | | 2,017 | 1,721 |
| | | <u>3,361</u> | <u>2,107</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 14 | <u>(1,125)</u> | <u>(764)</u> |
| Net current assets | | 2,236 | 1,343 |
| Net assets excluding pension liability | | 34,916 | 33,815 |
| Defined benefit pension scheme liability | 18 | | <u>(221)</u> |
| Total net assets | | <u>34,916</u> | <u>33,594</u> |
| Funds of the academy trust: | | | |
| Restricted funds | 16 | | |
| - Fixed asset funds | | 33,789 | 32,704 |
| - Restricted income funds | | 7 | - |
| - Pension reserve | | - | <u>(221)</u> |
| Total restricted funds | | 33,796 | 32,483 |
| Unrestricted income funds | 16 | 1,120 | 1,111 |
| Total funds | | <u>34,916</u> | <u>33,594</u> |

The Financial Statements on pages 28 to 53 were approved by the trustees and authorised for issue on 14th December 2023 and are signed on their behalf by:


A Medhurst
Chair of Trustees

Company registration number 09323096 (England and Wales)

COMPASS ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

| | Notes | 2023 £'000 | 2022 £'000 |
|--|-------|---------------|---------------|
| Cash flows from operating activities | | | |
| Net cash (used in)/provided by operating activities | 19 | (483) | 308 |
| Cash flows from investing activities | | | |
| Capital grants from DfE Group | | 1,539 | 309 |
| Capital funding received from sponsors and others | | 42 | 56 |
| Purchase of tangible fixed assets | | (802) | (455) |
| Net cash provided by/(used in) investing activities | | 779 | (90) |
| Net increase in cash and cash equivalents in the reporting period | | 296 | 218 |
| Cash and cash equivalents at beginning of the year | | 1,721 | 1,503 |
| Cash and cash equivalents at end of the year | | 2,017 | 1,721 |

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

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 2022 to 2023 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 2023

1 Accounting policies

(Continued)

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

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

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

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

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

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

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

1.6 Liabilities

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

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

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

1.10 Pensions benefits

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

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

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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

1.11 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact on the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

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

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

3 Donations and capital grants

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 | Total 2022 £'000 |
|-----------------|--------------------------------|------------------------------|------------------------|------------------------|
| Capital grants | - | 1,539 | 1,539 | 309 |
| Other donations | 8 | 90 | 98 | 95 |
| | <u>8</u> | <u>1,629</u> | <u>1,637</u> | <u>404</u> |

4 Funding for the academy trust's educational operations

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 | Total 2022 £'000 |
|------------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| DfE/ESFA grants | | | | |
| General annual grant (GAG) | - | 8,802 | 8,802 | 8,903 |
| Other DfE/ESFA grants: | | | | |
| - UFSM | - | 314 | 314 | 309 |
| - Pupil premium | - | 308 | 308 | 285 |
| - Others | - | 515 | 515 | 245 |
| | <u>-</u> | <u>9,939</u> | <u>9,939</u> | <u>9,742</u> |
| Other government grants | | | | |
| Local authority grants | - | 443 | 443 | 266 |
| | <u>-</u> | <u>443</u> | <u>443</u> | <u>266</u> |
| COVID-19 additional funding | | | | |
| DfE/ESFA | | | | |
| Other DfE/ESFA COVID-19 funding | - | 57 | 57 | 36 |
| | <u>-</u> | <u>57</u> | <u>57</u> | <u>36</u> |
| Other funding | | | | |
| Catering income | 183 | - | 183 | 176 |
| Other incoming resources | 160 | 5 | 165 | 168 |
| | <u>343</u> | <u>5</u> | <u>348</u> | <u>344</u> |
| Total funding | <u>343</u> | <u>10,444</u> | <u>10,787</u> | <u>10,388</u> |

The academy trust has been eligible to claim additional funding in the year from government support schemes in response to the Coronavirus outbreak. The funding received is shown above under "COVID-19 additional funding". The funding received for coronavirus exceptional support covers £57k of Recovery Premium funding and National Tutoring Programme funding costs. These costs are included in notes 6 and 8 below as appropriate.

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

5 Other trading activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 | Total 2022 £'000 |
|-------------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities | 146 | - | 146 | 115 |
| Catering income | 1 | - | 1 | - |
| Income from facilities and services | 225 | 2 | 227 | 161 |
| Other income | 10 | - | 10 | 7 |
| RPA insurance claims | - | 45 | 45 | - |
| | <u>382</u> | <u>47</u> | <u>429</u> | <u>283</u> |

6 Expenditure

| | Staff costs £'000 | Non-pay expenditure Premises £'000 | Other £'000 | Total 2023 £'000 | Total 2022 £'000 |
|----------------------------------|----------------------|--|----------------|------------------------|------------------------|
| Expenditure on raising funds | | | | | |
| - Direct costs | 8 | - | 4 | 12 | 9 |
| Academy's educational operations | | | | | |
| - Direct costs | 7,626 | 475 | 588 | 8,689 | 8,166 |
| - Allocated support costs | 1,410 | 835 | 898 | 3,143 | 3,405 |
| | <u>9,044</u> | <u>1,310</u> | <u>1,490</u> | <u>11,844</u> | <u>11,580</u> |

Net income/(expenditure) for the year includes:

| | | |
|--|---------------|---------------|
| | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|

| | | |
|---|-----|-----|
| Operating lease rentals | 13 | 13 |
| Depreciation of tangible fixed assets | 594 | 551 |
| Fees payable to auditor for: | | |
| - Audit | 13 | 12 |
| - Other services | 8 | 8 |
| Net interest on defined benefit pension liability | (1) | 57 |

Included within expenditure are the following transactions:

| | Total | Individual items over £5,000 |
|---|-----------|------------------------------------|
| | 2023 | 2023 |
| | £ | £ |
| Gifts made by the academy trust - total | 164 | |
| Unrecoverable debts - total | <u>24</u> | <u></u> |

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

6 Expenditure

(Continued)

Clarification – While the majority of disclosure in these accounts are rounded to £'000, the disclosure of bad debts and gifts made is not. The value of bad debts and gifts for the year is £188 (and not £188k).

7 Central services

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

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

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

- A central charge of between £17 per pupil and £130 per pupil, depending on the service provided plus a split of costs based on 1/5 form entry.

The amounts charged during the year were as follows:

| | 2023 £'000 | 2022 £'000 |
|-------------------------------|---------------|---------------|
| Oak Lodge Primary School | 330 | 319 |
| Marian Vian Primary School | 361 | 344 |
| Wickham Common Primary School | 243 | 219 |
| Unicorn Primary School | 250 | 249 |
| | <u>1,184</u> | <u>1,131</u> |

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

8 Charitable activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 | Total 2022 £'000 |
|--|--------------------------------|------------------------------|------------------------|------------------------|
| Direct costs | | | | |
| Educational operations | 376 | 8,313 | 8,689 | 8,166 |
| Support costs | | | | |
| Educational operations | 336 | 2,807 | 3,143 | 3,405 |
| | <u>712</u> | <u>11,120</u> | <u>11,832</u> | <u>11,571</u> |
| Analysis of costs | | | 2023 | 2022 |
| | | | £'000 | £'000 |
| Direct costs | | | | |
| Teaching and educational support staff costs | | | 7,626 | 7,167 |
| Staff development | | | 20 | 24 |
| Depreciation | | | 475 | 441 |
| Technology costs | | | 74 | 50 |
| Educational supplies and services | | | 183 | 187 |
| Educational consultancy | | | 77 | 70 |
| Other direct costs | | | 234 | 227 |
| | | | <u>8,689</u> | <u>8,166</u> |
| Support costs | | | | |
| Support staff costs | | | 1,317 | 1,226 |
| Defined benefit pension scheme - staff costs (FRS102 adjustment) | | | 93 | 499 |
| Staff development | | | 10 | 7 |
| Depreciation | | | 119 | 110 |
| Technology costs | | | 132 | 97 |
| Maintenance of premises and equipment | | | 144 | 161 |
| Cleaning | | | 180 | 184 |
| Energy costs | | | 162 | 180 |
| Rent, rates and other occupancy costs | | | 170 | 134 |
| Insurance | | | 54 | 51 |
| Security and transport | | | 8 | 8 |
| Catering | | | 518 | 476 |
| Defined benefit pension scheme - finance costs (FRS102 adjustment) | | | (1) | 57 |
| Legal costs | | | 21 | 5 |
| Other support costs | | | 192 | 186 |
| Governance costs | | | 24 | 24 |
| | | | <u>3,143</u> | <u>3,405</u> |

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

9 Staff

Staff costs

Staff costs during the year were:

| | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| Wages and salaries | 6,526 | 6,158 |
| Social security costs | 589 | 581 |
| Pension costs | 1,481 | 1,412 |
| Defined benefit pension scheme - staff costs (FRS102 adjustment) | 93 | 499 |
| Staff costs - employees | 8,689 | 8,650 |
| Agency staff costs | 318 | 234 |
| Staff restructuring costs | 37 | 14 |
| Total staff expenditure | 9,044 | 8,898 |

Staff restructuring costs comprise:

| | | |
|---------------------|----|----|
| Redundancy payments | - | 14 |
| Severance payments | 37 | - |
| | 37 | 14 |

Severance payments

The academy trust paid 1 severance payments in the year, disclosed in the following bands:

| | |
|-------------------|---|
| £25,001 - £50,000 | 1 |
|-------------------|---|

Special staff severance payments

Special staff severance payments are amounts paid to 1 employee outside of statutory and contractual requirements. Included in staff restructuring costs are special severance payments totalling £37k (2022: £nil).

Staff numbers

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

| | 2023 Number | 2022 Number |
|----------------------------|----------------|----------------|
| Teachers | 97 | 95 |
| Administration and support | 189 | 188 |
| Management | 16 | 16 |
| | 302 | 299 |

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

9 Staff

(Continued)

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

| | 2023 Number | 2022 Number |
|----------------------------|----------------|----------------|
| Teachers | 77 | 76 |
| Administration and support | 89 | 87 |
| Management | 13 | 13 |
| | <u>179</u> | <u>176</u> |

Higher paid staff

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

| | 2023 Number | 2022 Number |
|--------------------|----------------|----------------|
| £60,000 - £70,000 | 1 | 4 |
| £70,001 - £80,000 | 3 | 2 |
| £80,001 - £90,000 | 1 | 2 |
| £90,001 - £100,000 | 1 | - |
| | <u>6</u> | <u>8</u> |

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £1,047,021 (2022: £909,435).

10 Trustees' remuneration and expenses

None of the trustees have been paid remuneration or have received other benefits from an employment with the academy trust.

During the year ended 31 August 2023 expenses of £56 (2022: £nil) were paid directly or reimbursed to 1 Trustee (2022: 0 trustees).

11 Trustees' and officers' insurance

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

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

12 Tangible fixed assets

| | Leasehold land & buildings £'000 | Plant & machinery £'000 | Computer equipment £'000 | Fixtures, fittings & equipment £'000 | Motor Vehicles £'000 | Total £'000 |
|-----------------------|---|-------------------------------|--------------------------------|---|----------------------------|----------------|
| Cost | | | | | | |
| At 1 September 2022 | 35,106 | 106 | 520 | 290 | 55 | 36,077 |
| Additions | 645 | 4 | 108 | 45 | - | 802 |
| At 31 August 2023 | 35,751 | 110 | 628 | 335 | 55 | 36,879 |
| Depreciation | | | | | | |
| At 1 September 2022 | 2,820 | 64 | 427 | 239 | 55 | 3,605 |
| Charge for the year | 468 | 11 | 86 | 29 | - | 594 |
| At 31 August 2023 | 3,288 | 75 | 513 | 268 | 55 | 4,199 |
| Net book value | | | | | | |
| At 31 August 2023 | 32,463 | 35 | 115 | 67 | - | 32,680 |
| At 31 August 2022 | 32,286 | 42 | 93 | 51 | - | 32,472 |

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

13 Debtors

| | 2023 £'000 | 2022 £'000 |
|--------------------------------|---------------|---------------|
| Trade debtors | 42 | 68 |
| VAT recoverable | 157 | 114 |
| Prepayments and accrued income | 1,145 | 204 |
| | <u>1,344</u> | <u>386</u> |

14 Creditors: amounts falling due within one year

| | 2023 £'000 | 2022 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 458 | 155 |
| Other taxation and social security | 148 | 136 |
| ESFA creditors | 4 | 20 |
| Other creditors | 185 | 176 |
| Accruals and deferred income | 330 | 277 |
| | <u>1,125</u> | <u>764</u> |

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

15 Deferred income

| | 2023 £'000 | 2022 £'000 |
|-------------------------------------|---------------|---------------|
| Deferred income is included within: | | |
| Creditors due within one year | 287 | 235 |
| Deferred income at 1 September 2022 | 235 | 199 |
| Released from previous years | (235) | (199) |
| Resources deferred in the year | 287 | 235 |
| Deferred income at 31 August 2023 | 287 | 235 |

Deferred Income at 31 August 2023 includes grant income received in advance for UIFSM of £192k (2022: £183k); Rates funding of £47k (2022: £41k); Trip income of £21k (2022: £1k), Treetops income of £20k (2022: £nil) and other amounts received in advance of £7k (2022: £10k).

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

16 Funds

| | Balance at 1 September 2022 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2023 £'000 |
|---|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 8,802 | (8,704) | (98) | - |
| UIFSM | - | 314 | (314) | - | - |
| Pupil premium | - | 308 | (308) | - | - |
| Other DfE/ESFA COVID-19 funding | - | 57 | (57) | - | - |
| Other DfE/ESFA grants | - | 515 | (508) | - | 7 |
| Other government grants | - | 443 | (443) | - | - |
| Other restricted funds | - | 100 | (100) | - | - |
| Pension reserve | (221) | - | (92) | 313 | - |
| | <u>(221)</u> | <u>10,539</u> | <u>(10,526)</u> | <u>215</u> | <u>7</u> |
| Restricted fixed asset funds | | | | | |
| Inherited on conversion | 27,441 | - | (354) | - | 27,087 |
| DfE group capital grants | 4,998 | 1,539 | (142) | - | 6,395 |
| Capital expenditure from GAG and other funds | 218 | - | (67) | 98 | 249 |
| Private sector capital sponsorship | 47 | 42 | (31) | - | 58 |
| | <u>32,704</u> | <u>1,581</u> | <u>(594)</u> | <u>98</u> | <u>33,789</u> |
| Total restricted funds | <u>32,483</u> | <u>12,120</u> | <u>(11,120)</u> | <u>313</u> | <u>33,796</u> |
| Unrestricted funds | | | | | |
| General funds | <u>1,111</u> | <u>733</u> | <u>(724)</u> | <u>-</u> | <u>1,120</u> |
| Total funds | <u>33,594</u> | <u>12,853</u> | <u>(11,844)</u> | <u>313</u> | <u>34,916</u> |

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

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2023.

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 plus the unspent element of Capital funds. 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 2023

16 Funds

(Continued)

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

| | Balance at 1 September 2021 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2022 £'000 |
|---|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 8,903 | (8,825) | (78) | - |
| UIFSM | - | 309 | (309) | - | - |
| Pupil premium | - | 285 | (285) | - | - |
| Catch-up premium | 95 | - | (95) | - | - |
| Other DfE/ESFA COVID-19 funding | - | 36 | (36) | - | - |
| Other DfE/ESFA grants | 9 | 245 | (254) | - | - |
| Other government grants | - | 266 | (266) | - | - |
| Other restricted funds | 2 | 43 | (45) | - | - |
| Pension reserve | (3,345) | - | (556) | 3,680 | (221) |
| | <u>(3,239)</u> | <u>10,087</u> | <u>(10,671)</u> | <u>3,602</u> | <u>(221)</u> |
| Restricted fixed asset funds | | | | | |
| Inherited on conversion | 27,795 | - | (354) | - | 27,441 |
| DfE group capital grants | 4,818 | 309 | (129) | - | 4,998 |
| Capital expenditure from GAG and other funds | 181 | - | (41) | 78 | 218 |
| Private sector capital sponsorship | 18 | 56 | (27) | - | 47 |
| | <u>32,812</u> | <u>365</u> | <u>(551)</u> | <u>78</u> | <u>32,704</u> |
| Total restricted funds | <u>29,573</u> | <u>10,452</u> | <u>(11,222)</u> | <u>3,680</u> | <u>32,483</u> |
| Unrestricted funds | | | | | |
| General funds | <u>846</u> | <u>623</u> | <u>(358)</u> | <u>-</u> | <u>1,111</u> |
| Total funds | <u>30,419</u> | <u>11,075</u> | <u>(11,580)</u> | <u>3,680</u> | <u>33,594</u> |

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

16 Funds

(Continued)

Total funds analysis by academy

| | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| Fund balances at 31 August 2023 were allocated as follows: | | |
| Oak Lodge Primary School | - | - |
| Marian Vian Primary School | - | - |
| Wickham Common Primary School | - | - |
| Unicorn Primary School | 7 | - |
| Central services | 1,120 | 1,111 |
| | <u>1,127</u> | <u>1,111</u> |
| Total before fixed assets fund and pension reserve | 1,127 | 1,111 |
| Restricted fixed asset fund | 33,789 | 32,704 |
| Pension reserve | - | (221) |
| | <u>34,916</u> | <u>33,594</u> |
| Total funds | 34,916 | 33,594 |

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 2023 £'000 | Total 2022 £'000 |
|----------------------------------|---|---------------------------------------|----------------------------------|---|------------------------|------------------------|
| Oak Lodge Primary School | 2,018 | 222 | 42 | 498 | 2,780 | 2,682 |
| Marian Vian Primary School | 2,188 | 140 | 82 | 536 | 2,946 | 2,966 |
| Wickham Common Primary School | 1,466 | 104 | 27 | 416 | 2,013 | 1,925 |
| Unicorn Primary School | 1,614 | 50 | 32 | 394 | 2,090 | 2,130 |
| Central services | 340 | 902 | - | 179 | 1,421 | 1,326 |
| | <u>7,626</u> | <u>1,418</u> | <u>183</u> | <u>2,023</u> | <u>11,250</u> | <u>11,029</u> |

17 Analysis of net assets between funds

| | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total Funds £'000 |
|---|--------------------------------|---------------------------------------|----------------------|-------------------------|
| Fund balances at 31 August 2023 are represented by: | | | | |
| Tangible fixed assets | - | - | 32,680 | 32,680 |
| Current assets | 1,120 | 1,132 | 1,109 | 3,361 |
| Current liabilities | - | (1,125) | - | (1,125) |
| | <u>1,120</u> | <u>7</u> | <u>33,789</u> | <u>34,916</u> |
| Total net assets | 1,120 | 7 | 33,789 | 34,916 |

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

17 Analysis of net assets between funds

(Continued)

| | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total Funds £'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| Fund balances at 31 August 2022 are represented by: | | | | |
| Tangible fixed assets | - | - | 32,472 | 32,472 |
| Current assets | 1,111 | 764 | 232 | 2,107 |
| Current liabilities | - | (764) | - | (764) |
| Pension scheme liability | - | (221) | - | (221) |
| Total net assets | 1,111 | (221) | 32,704 | 33,594 |

18 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2022.

Contributions amounting to £170k were payable to the schemes at 31 August 2023 (2022: £161k) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academy trusts. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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 2023

18 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to the TPS in the period amounted to £978k (2022: £959k).

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 20.3% 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 closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

| Total contributions made | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------------|
| Employer's contributions | 498 | 452 |
| Employees' contributions | 133 | 117 |
| Total contributions | <u>631</u> | <u>569</u> |
| Principal actuarial assumptions | 2023 % | 2022 % |
| Rate of increase in salaries | 4.30 | 4.30 to 4.40 |
| Rate of increase for pensions in payment/inflation | 2.90 | 2.90 to 3.00 |
| Discount rate for scheme liabilities | 5.30 to 5.40 | 4.30 |
| CPI Inflation | <u>2.80</u> | <u>2.80 to 2.90</u> |

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

18 Pension and similar obligations

(Continued)

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

| | 2023 Years | 2022 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 21.7 | 22.8 |
| - Females | 24.0 | 25.3 |
| Retiring in 20 years | | |
| - Males | 22.7 | 24.6 |
| - Females | 25.7 | 27.2 |

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

| | 2023 £'000 | 2022 £'000 |
|-------------------------------|---------------|---------------|
| Discount rate + 0.1% | 7,183 | 8,124 |
| Mortality assumption + 1 year | 7,446 | 8,453 |
| CPI rate + 0.1% | 7,419 | 8,454 |

Defined benefit pension scheme net asset/(liability)

| | 2023 £'000 | 2022 £'000 |
|-----------------------|---------------|---------------|
| Scheme assets | 8,208 | 8,066 |
| Scheme obligations | (8,208) | (8,287) |
| Net asset/(liability) | | (221) |

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

| | 2023 Fair value £'000 | 2022 Fair value £'000 |
|------------------------------|-----------------------------|-----------------------------|
| Equities | 5,113 | 5,211 |
| Government bonds | 206 | 177 |
| Other bonds | 657 | 613 |
| Cash/liquidity | 231 | 129 |
| Property | 508 | 573 |
| Other assets | 1,493 | 1,363 |
| Total market value of assets | 8,208 | 8,066 |

The actual return on scheme assets was £(35,000) (2022: £(810,000)).

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

18 Pension and similar obligations

(Continued)

| Amount recognised in the statement of financial activities | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| Current service cost | 568 | 936 |
| Interest income | (351) | (147) |
| Interest cost | 350 | 204 |
| Administration expenses | 23 | 15 |
| Total operating charge | <u>590</u> | <u>1,008</u> |

Changes in the present value of defined benefit obligations

| | 2023 £'000 |
|------------------------|---------------|
| At 1 September 2022 | 8,287 |
| Current service cost | 568 |
| Interest cost | 350 |
| Employee contributions | 133 |
| Actuarial (gain) | (699) |
| Benefits paid | (431) |
| At 31 August 2023 | <u>8,208</u> |

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

| | 2023 £'000 |
|-------------------------|---------------|
| At 1 September 2022 | 8,066 |
| Interest income | 351 |
| Actuarial (loss) | (386) |
| Employer contributions | 498 |
| Employee contributions | 133 |
| Benefits paid | (431) |
| Administration expenses | (23) |
| At 31 August 2023 | <u>8,208</u> |

The asset ceiling adjustment has been accounted for via FRS102 adjustment of £908k to the actuarial (gain) / loss.

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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

| | Notes | 2023 £'000 | 2022 £'000 |
|--|-------|---------------|---------------|
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | | 1,009 | (505) |
| Adjusted for: | | | |
| Capital grants from DfE and other capital income | | (1,581) | (365) |
| Defined benefit pension costs less contributions payable | 18 | 93 | 499 |
| Defined benefit pension scheme finance (income)/cost | 18 | (1) | 57 |
| Depreciation of tangible fixed assets | | 594 | 551 |
| (Increase)/decrease in debtors | | (958) | 74 |
| Increase/(decrease) in creditors | | 361 | (3) |
| Net cash (used in)/provided by operating activities | | (483) | 308 |

20 Analysis of changes in net funds

| | 1 September 2022 £'000 | Cash flows £'000 | 31 August 2023 £'000 |
|------|------------------------------|---------------------|----------------------------|
| Cash | 1,721 | 296 | 2,017 |

21 Long-term commitments

Operating leases

At 31 August 2023 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2023 £'000 | 2022 £'000 |
|-----------------------------------|---------------|---------------|
| Amounts due within one year | 10 | 14 |
| Amounts due in two and five years | 13 | 28 |
| | 23 | 42 |

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

22 Capital commitments

| | 2023 £'000 | 2022 £'000 |
|---|---------------|---------------|
| Expenditure contracted for but not provided in the Financial Statements | 1,102 | 202 |

At 31 August 2023, the Trust was committed to completing the following projects:

- Marian Vian Primary School: Fire safety improvement works, funded by CIF, with total expected costs of £455k. Costs of £168k were incurred during the year, with anticipated costs to completion as at 31 August 2023 of £287k.
- Marian Vian Primary School: Capital roof installation, funded by Capital Energy grant, with total expected costs of £23k. No costs were incurred during the year, with anticipated costs to completion as at 31 August 2023 of £23k.
- Oak Lodge Primary School: Fire safety project, funded by CIF, with total expected costs of £277k. Costs of £274k were incurred for the project, with anticipated costs to completion as at 31 August 2023 of £3k.
- Oak Lodge Primary School: Roof works, funded by CIF, with total expected costs of £322k. Costs of £153k were incurred during the year, with anticipated costs to completion as at 31 August 2023 of £169k.
- Oak Lodge Primary School: LED lighting, funded by Capital Energy Grant, with total expected costs of £22k. No costs were incurred during the year, with anticipated costs to completion as at 31 August 2023 of £22k.
- Unicorn Primary School: LED lighting, funded by Capital Energy Grant, with total expected costs of £19k. No costs were incurred during the year, with anticipated costs to completion as at 31 August 2023 of £19k.
- Wickham Common Primary School: Boiler replacement and heating distribution, funded by CIF with total expected costs of £640k. Costs of £71k were incurred during the year, with anticipated costs to completion as at 31 August 2023 of £569k.
- Wickham Common Primary School: LED lighting, funded by Capital Energy Grant with total expected costs of £18k. Costs of £8k were incurred during the year, with anticipated costs to completion as at 31 August 2023 of £10k.

23 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. The following related party transactions took place in the financial period.

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

In entering into these transactions, the academy trust has complied with the requirements of the ESFA's Academy Trust Handbook 2022.

COMPASS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

24 Members' liability

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