

Company Registration Number: 07644380 (England & Wales)

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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COMPASS SCHOOLS TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Dale Bassett
Douglas Lewis CBE, Chair of Trustees
Greg Rosen
Leon De Costa
Martin Deutz, Chair of Governors

Trustees

Douglas Lewis CBE¹
Benjamin May
Carrie Lucas, (appointed December 2019)¹
Grace Majumdar
Heather Baker
Lisa Salkeld-Townsley, (appointed December 2019)
Marcus Huntley, Principal and Accounting Officer¹
Martin Deutz, Chair of Governors¹
Peter Atherton¹
Richard Cuevas¹
Sally Wood
Summer Soroush, (appointed December 2019)¹
Tristram Jones-Parry

¹ Finance Committee

Company registered number

07644380

(Registered in England and Wales)

Company name

Compass Schools Trust

(Charity registration number for Educational Foundation only)

Principal and registered office

Compass School Southwark, Drummond Road, Bermondsey, London, SE16 2BT

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Company secretary

Martin Deutz

Senior management team

Bethany Clapham, Senior Leader (Appointed September 2019)
Emma Walkey-Williams, Assistant Principal (Appointed September 2019)
Jessica Hazlewood, Assistant Principal (Appointed September 2019)
Gareth Jones, Assistant Principal (Appointed March 2020)
Louise Shotton, Assistant Principal (Resigned October 2019)
Maggie Selman, Director of Business and Operations
Marcus Huntley, Principal and Accounting Officer
Sarah Milburn, Senior Assistant Principal (Appointed September 2019)
Sikhu Ngwenya, Vice Principal (Appointed September 2019, Resigned 31 October 2020)

Independent auditors

MHA MacIntyre Hudson, 6th Floor, 2 London Wall Place, London, EC2Y 5AU

Bankers

HSBC plc, 33 Park Row, Leeds, LS1 1LD

Solicitors

Browne Jacobson LLP, 15th Floor, 6 Bevis Marks, Bury Court, London, EC3A 7BA

COMPASS SCHOOLS TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2020. The annual report serves the purposes of both a trustees' report under charity law, and a directors' report under company law.

The Compass Schools Trust operates a single academy which will eventually provide education to 600 pupils serving the community of Bermondsey, London Borough of Southwark. Our admissions arrangements are non-selective and mainly based on distance from the school. The school has students across all year groups 7 to 11. It has a roll of 372 in the school census of October 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee in England and Wales and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. It is a single academy trust and these financial statements give the result of the Academy as a single entity.

The trustees of Compass Schools Trust are also the directors of the charitable company for the purposes of company law and are referred to throughout this report as Governors. The Charitable Company is known as the Compass Schools Trust.

The sole school currently operated by the Compass Schools Trust is Compass School Southwark.

Details of the trustees who served throughout 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

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, with cover up to £10 million. The cost of this insurance in the year is detailed in note 12.

Method of Recruitment and Appointment or Election of Trustees

The Members of Compass Schools Trust appoint in order to maintain a balance of skills and have recruited additional Governors to augment the skills of the Governing Body. Apart from the Secretary of State as provided in the Funding Agreement, no external body has the right to appoint Governors. Independent governors are appointed on the basis of their personal competence and specialist skills. The term of office for any Governors shall be four years, subject to remaining eligible to be a particular type of Governor. Any Governor may be re-appointed or re-elected.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

The school is required to have two serving parent Governors, with a first preference of these parents being from our school community. The governors are pleased to have two serving parent governors who were elected in December 2019. Their details are provided in Reference and Administrative Details on page 1.

A Chairman and Vice Chairman of the Governing Body are elected from among the Governors at the first meeting of each academic year.

Policies and Procedures Adopted for the Induction and Training of Trustees

Governors are provided with statutory training through the governance services of the London Borough of Southwark, which also provides additional training and supporting materials to meet the specific needs of Governor roles. All Governors are expected to keep their skills up to date through awareness of the National schools and education context, by visiting the school periodically, and by attending training courses where the annual skills audit identifies that further training is required.

Organisational Structure

The Full Governing Body determines the strategy for the school, based on advice from the Principal. It delegates to the Principal responsibility for executing the strategy and for all aspects of the operation of the school. All governors are expected to attend the meetings. Two sub-committees have also been established (Standards and Finance & Operations). A Pay Committee, comprising the Chair of Governors and the Chairs of the two committees, meets as required to fulfil its role in relation to staffing, staff appraisal and pay awards. An ad-hoc strategy committee has also been established, consisting of the Chairs of each committee plus the Chair of Governors and the Chair of the Trust, to effectively respond to matters regarding the future of the school buildings and the school's strategic direction and sustainability.

In the year under review the Full Governing Body met 7 times, the Standards Committee met 4 times and the Finance and Operations Committee met 5 times, thus complying with guidance published by the Education and Skills Funding Agency. In addition to the above stated meetings, the Chair of Governors maintained oversight by meeting regularly with the principal. Governors engaged in a range of further oversight activities including through link visits at least twice per year, panel meetings on priority areas and attendance to school events. Where appropriate, the outcomes of these activities were reported to the relevant committee.

Following the COVID lockdown, a Governors' Emergency Committee was established to support the school and streamline decision-making in response to the new context. Normal governance was quickly resumed in the Summer term through virtual meetings as scheduled. For safety reasons, the majority of link and other governor visits are now conducted virtually.

The implementation of the strategic direction of the school is led by the Principal and supported by the Senior Leadership Team. In accordance with normal practice in public bodies, the Principal is also the Accounting Officer of the Academy, accountable to the Department for Education and to Parliament for its financial conduct.

Arrangements for setting pay and remuneration of key management personnel

The Principal's salary and benefits are agreed by the Pay Committee of the Governing Body which meets annually inter alia to review the Principal's performance against a range of agreed objectives, following detailed appraisals. A similar process is in place for the Senior Leadership Team in the school, for which colleagues the Principal makes a recommendation on the pay decision to the Pay Committee. These salaries are benchmarked against relevant salaries in the locality and relevant pay scales.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Trade Union Facility Time

The Academy Trust does not have any staff who were relevant union officials during the relevant period. No reporting is required under the provisions of the Trade Union (Facility Time Publication Requirement) Regulations 2017.

Related parties and other connected charities and organisations.

There were no disclosable Connected Organisations other than one involved in the related party transaction detailed in note 25.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Objects and Aims of the charitable company are to advance, for the public benefit, the quality of the education provision in the locality where Compass School Southwark, the only school operated by the Compass Schools Trust, is located.

The vision of Compass School Southwark is that “everyone in the Compass School community will confidently reach the destination to which they aspire”. The four values around which all Compass School Southwark’s activities and strategic decisions are based are: aspiration, integrity, exploration and resilience. We believe that these four core values are key attributes of a successful young adult, and by focusing on these attributes our students will achieve the highest levels of academic attainment.

The Compass Schools Trust aims to be a force for good in the community providing opportunities for community engagement and extending our facilities for wider public benefit. A community use agreement is a core part of our planning for the new Compass School. The school has engaged in a range of community activities over the course of the year including a Community Christmas Fair, extending our Greenhouse Table Tennis provision to local primary schools and during lockdown, worked with local charities to provide food for those in hardship.

Objectives, Strategies and Activities

The objectives of Compass School Southwark are set through the School Development Plan. This document is reviewed at each Full Governing Body meeting, and half-termly- (six times per year) by the Senior Leadership Team of the school.

A range of whole school performance measures are set, with progress towards these measures reviewed in detail at each meeting of the Standards Committee and then at meetings of the Governing Body as part of the Principal’s Report. We strongly believe in reflecting on our practice, and conduct internal and external reviews in order to benchmark and validate our progress.

Public Benefit

The Governors of the school have complied with their duty to have due regard to the guidance on Public Benefit published by the Charities Commission in exercising their powers and duties. The activities undertaken to further the School’s purpose for the Public Benefit consisted of those needed to achieve the educational objectives and aims of the Compass Schools Trust. The Academy is a non-selective school and abides by its published admissions arrangements.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

STRATEGIC REPORT

Achievements and Performance

Our key achievements and performance are measured through national standardised examinations taken by our students at the end of Year 11 (GCSEs). These results are used to benchmark the positive outcomes for the students within the school and to benchmark schools against their peers. The year under review was unusual in that, because of the disruption caused by the COVID pandemic, GCSEs were cancelled and replaced by Centre Assessed Grades (CAG).

In the most recent year of validated performance data (ie CGSEs sat in 2019), the headline Progress 8 and Attainment 8 measures showed that our pupils made better progress than those nationally from their relative starting points. Our Progress 8 figure was +0.01 (-0.53 2018) compared with a national average of -0.03 and Attainment 8 was broadly in line, at 46.3 (40.5 2018) compared with a national of 46.5.

Particularly notable were the rates of improvement in the above and other headline measures below.

- Grade 9-5 (English and Mathematics) improved from 17% last year to 32%.
- Grade 9-4 (English and Mathematics) improved from 48% last year to 57%.
- EBacc 4 was increased from 14% to 25%.
- There was no gap in Progress 8 outcomes for disadvantaged pupils.

In keeping with its values, the school strives to ensure that every pupil, regardless of their need or characteristics, is supported to make progress in line with or above national benchmarks.

As an academy Compass School Southwark is also subject to inspections from the Office for Standards in Education, Children's Services and Skills (Ofsted). The most recent inspection took place in May 2017, when the school was graded as "GOOD" in all categories.

In addition to the external performance and accountability measures to which the school is subject, Compass School Southwark also sets a range of internal targets with regards to academic progress and attainment for each student, the attendance and behaviour of students, and the business functions of the school. These targets are set out in the School Development Plan.

COVID-19 Response

Compass School closed its physical school provision on 23rd March as a result of the mandated COVID-19 lockdown. The school quickly moved to online learning for all pupils while also going through a robust process for centre assessed grades for year 11.

The continuity of education and the health and safety of our pupils was paramount, and the school responded with a programme of home visits and contacts for vulnerable pupils.

Compass School worked to ensure pupils entitled to free school meals were supported during the shutdown with supermarket vouchers. Our pastoral teams also made food drops where extra support was needed and later, teamed up with School Food Matters to provide fortnightly breakfast boxes for our community.

The school recognised that lack of access to IT in the home was a barrier to pupils accessing online provision so raised £39,460 through a Just Giving Campaign to provide laptops for all disadvantaged pupils on roll.

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The school partially reopened in June for vulnerable learners, the children of keyworkers and groups of year 10 pupils. For other learners, virtual learning continued including a range of additional activities such as prize-giving, enrichment, a virtual careers fair and weekly community quiz.

Governance continued uninterrupted with both committees and the Full Governing Body meeting virtually.

The school incurred additional costs as a result of the need to make the site Covid safe for pupils' return in June and subsequently, September:

- Cleaning and Sanitisation - £13,734
- Curriculum - £4,897
- Food and vouchers for families - £15,973
- ICT for vulnerable families - £39,340
- ICT to support safer working practices - £7,712
- Premises - £13,255

Key Financial Performance Indicators

The full Governing Body, along with both subcommittees, monitor the school's performance through a range of financial and non financial indicators.

Financial indicators

In the period covered by the accounts, the Company was primarily funded by way of a grant from the ESFA/Department of Education. The principal financial objective of the Company was that its educational expenditure for the financial year should not exceed the grant and that the school should be able to, for the foreseeable future, meet its liabilities as they fall due. In the year under review, the school incurred a net deficit of £21,653 (2019 - £462,449) before actuarial gains and losses.

Non-financial (operational) indicators

Non-financial indicators are expressed as whole school performance targets and are set out as part of the School Development Plan. These cover academic outcomes, non-academic- measures including behaviour, attendance and extra-curricular provision, staff attendance, quality of teaching, student recruitment and community engagement and are available from the academy.

Going Concern

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

FINANCIAL REVIEW

Review of year

The Compass Schools Trust principal sources of funding are revenue and capital grants from the Department of Education and the Education and Skills Funding Agency, associated with the Compass School Southwark. In the year to 31 August 2020 the Academy received grants in support of its operating activities of £4,332,838 (2019 - £4,039,329) and in respect of capital expenditure of £74,296 (2019 - £148,666). Of the total revenue grant received, Pupil Premium amounted to £239,855 (2019 - £244,867). This has been used to ensure that teaching and learning opportunities meet the needs of all pupils with appropriate provision for disadvantaged pupils.

Taking into account brought forward reserves the School retained a revenue reserves surplus of £896,530 at 31 August 2020. The surplus carried forward to 2020-21 is to be used as described in "Reserves Policy" below.

Reserves Policy

It is the intention of the Compass Schools Trust to establish sufficient reserves for the purposes of, inter alia, general financial resilience and exceptional expenditure specifically sanctioned by the Governors which may include the funding of future deficits, non-routine expenditure on educational or community activities, and the acquisition of assets not funded by the Department of Education or the Education and Skills Funding Agency.

The principal source of reserves is the accumulation of annual operating surpluses.

At 31 August 2020 the total funds comprised:

| | | |
|---------------|-------------------|------------|
| Unrestricted: | | £95,165 |
| Restricted: | | |
| | Fixed asset funds | £616,442 |
| | Pension reserve | £(305,000) |
| | Other | £801,365 |
| | | ----- |
| | | £1,207,972 |

The deficit of £305,000 (2019 - £347,000) on the pension reserve relates to the nonteaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 22. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The trustees have plans in place to meet the deficit such that there are no constraints on reserves going forward.

The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds can be expended in accordance with the general purposes of the Academy, at the discretion of the Governors, and represent less than one week's worth of Academy educational expenditure.

Investment Policy

The Compass Schools Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation to the extent possible without taking undue risk.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

To optimise returns surplus cash, representing the surplus carried forward plus funds arising from cashflow timing differences is held on deposit in an interest bearing account at our bank, whilst ensuring the investments are such that there is no risk to these cash funds.

The Trust periodically reviews the School's banking arrangements and balances in order to minimise the School's exposure to credit risk. Deposits are placed with a range of banks in order to reduce the exposure to uninsured default risk.

Principal Risks and Uncertainties

The school is exposed to a range of risks. The governors and Accounting Officer seek to minimise these risks, where possible. A risk register is maintained and reviewed at least termly by the Finance committee of the Governing Body, and mitigating measures are put in place by the Senior Leadership Team of the school, with oversight from the Governing Body. Any major risks highlighted at subcommittee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated. Further control of financial risks is provided by the Accounting Officer and the Director of Business & Operations, and members of the Governing Body Finance Committee receive regular management accounts which contains analysis of actual and forecast income, expenditure and liquidity positions, with analyses and management explanations of variances from the approved budget.

The school relies on the ESFA to provide funding for all operating expenses (with the exception of charitable donations from fundraising) and, separately, all funding in relation to the building and fitting out of the temporary and permanent facilities. ESFA funding is provided under the terms of the Funding Agreement between the School and the Secretary of State for Education, in accordance with the nationally determined formulae.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by the Senior Leadership Team of the school.

The principal risks facing the Academy are:

Reputational risk

This is mitigated by managing other risks having the potential to harm the reputation or standing of the school, and through the maintenance of close contact with relevant stakeholders and the broader Compass School Community. In addition, the school invests in marketing and communication strategies as required.

Operational risk

These are associated with Safeguarding, Health and Safety and compliance with Data Protection duties and are mitigated by the Governing Body ensuring that all statutory policies are in place and are being implemented by the Senior Leadership Team of the school. External experts conduct audits of Health and Safety, Fire Protection and Data Protection and advise the school on mitigating actions. A policy review schedule exists to ensure that all policies are reviewed with an agreed frequency.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Performance risk

These are associated with educational standards and outcomes, and are mitigated in some part by the recruitment of experienced and qualified staff. In addition, oversight activities via the Governing Body and the Standards sub-committee of the governing body, including: the drafting and implementation of a School Development Plan; monitoring of qualitative and quantitative data in the context of baseline data; and review and discussion of pupil progress and well-being. Regular external reviews of the various aspects of the performance of the school are conducted to benchmark performance.

Financial risk

The principal financial risks are a reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs. The risks presented here are mitigated by the governing body's close monitoring of the School's current and prospective financial position, by the school's general policy of generating financial reserves, and the maintenance of close contact with the Education and Skills Funding Agency. The Governors and Principal recognise their responsibilities for the prevention and detection of fraud and other financial improprieties and address these with a comprehensive regime of financial controls, detailed examination of the accounts and using independent internal and external auditors.

Personnel risks including staff performance, retention and recruitment

These risks are mitigated by a robust performance management and review policy and associated procedures, along with a focus on staff welfare and wellbeing. Performance is monitored as part of managing the overall performance risk, through formal appraisal and on-going monitoring. Retention risk is addressed by strong oversight by the Governing Body of the Principal's leadership of the school and by the performance management process. Recruitment is planned well in advance to meet the anticipated requirements of the school.

Fundraising

Compass Schools Trust does not use any professional fundraisers. Any fundraising initiative is monitored by the trustees.

PLANS FOR FUTURE PERIODS

The budget set for the 2020-21 academic year has been agreed by the Trustees and a positive financial position is expected to be maintained under a five year plan. Details of plans for future periods are in the School Development Plan.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

No funds are held by the Compass Schools Trust on behalf of others.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

DISCLOSURE OF INFORMATION TO AUDITOR

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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, and signed on the board's behalf by:



.....
Douglas Lewis CBE
Chair of Trustees

Date: 27/1/21

COMPASS SCHOOLS TRUST
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

SCOPE OF RESPONSIBILITY

As trustees we acknowledge we have overall responsibility for ensuring that the Compass Schools 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 misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Principal as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Compass Schools Trust and the Secretary of State for Education. The Principal 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 formally met 7 times during the year.

Attendance during the year at meetings of the board of trustees was as follows:

| Trustee | Meetings Attended | Out of a possible |
|-----------------------|--------------------------|--------------------------|
| Benjamin May | 6 | 7 |
| Carrie Lucas | 6 | 6 |
| Doug Lewis | 7 | 7 |
| Grace Majumdar | 7 | 7 |
| Heather Baker | 6 | 7 |
| Lisa Salkeld-Townsley | 5 | 6 |
| Marcus Huntley | 7 | 7 |
| Martin Deutz | 6 | 7 |
| Peter Atherton | 6 | 7 |
| Richard Cuevas | 6 | 7 |
| Sally Wood | 7 | 7 |
| Summer Soroush | 6 | 6 |
| Tristram Jones-Parry | 7 | 7 |

The Finance and Operations Committee is a sub-committee of the main board of trustees. Its purpose is to provide oversight of the financial management of the School, including financial performance, budgeting, management of financial risks, internal controls and financial reporting; the general administration of the school, including in particular, procurement; and over matters pertaining to the School's premises and the management of its facilities.

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

| Trustee | Meetings Attended | Out of a possible |
|-------------------------------------|--------------------------|--------------------------|
| Carrie Lucas | 1 | 3 |
| Doug Lewis (Chair of Trust) | 4 | 5 |
| Marcus Huntley | 4 | 5 |
| Peter Atherton (Chair of Committee) | 5 | 5 |
| Martin Deutz (Chair of Governors) | 5 | 5 |
| Richard Cuevas | 5 | 5 |
| Summer Soroush | 2 | 3 |

An annual self-audit of governance is carried out by the Chair of Governors. Based on the findings of this audit, additional governors have been appointed to the Governing Body to augment the capability of both the Standards and Finance sub-committees.

REVIEW OF VALUE FOR MONEY

As Accounting Officer the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of integrated curriculum financial planning and benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- **Ensuring efficient use of resources, including staff** As a small but growing school we have set a target of spending less than 75% of the overall revenue grant on staffing. This allows us to ensure that students are given the best opportunities to participate in curriculum enriching activities, while ensuring that we have an efficient staffing model. Integrated curriculum financial planning has been used to maximise the efficiency of the school's staffing model. The spending in the year was 73%.
- **Avoiding waste and extravagance** The school has set a target to reduce its printing costs. To support this each department was allocated a printing budget. This raised the profile of the issue across the school, and has led to departments choosing to purchase textbooks in some cases, to replace printed materials.
- **Striving for value for money in all transactions** For every purchase order placed throughout the organisation, staff are required to assess value for money by benchmarking across 3 different suppliers.

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Compass Schools Trust for the period 1 September 2019 to 31 August 2020 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

For the reasons given earlier in this report, responsibility for the identification and control of key risks is retained by the governing body.

THE RISK AND CONTROL FRAMEWORK

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and cash flow projections and periodic financial reports, which are reviewed and agreed by the board of trustees.
- annual preparation and review of long term projections of income and expenditure and cash flows so that the accounting officer and governing body are aware of the long term context in which near-term financial decisions are made, and can identify and address longer-term risks and uncertainties.
- regular reviews by the finance committee of reports which indicate financial performance and cash-flow against the forecasts, and of major purchase plans, capital works and expenditure programmes.
- setting targets to measure financial and other performance.
- the use of a bespoke Financial Regulations Handbook which sets out the internal control and other operational standards of the finance function, including clearly defined purchasing (asset purchase or capital investment) guidelines, delegation of authority and segregation of duties and provisions required to ensure compliance with the Academies Financial Handbook, updated annually by the Education and Skills Funding Agency.
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and retained MHA MacIntyre Hudson as internal auditor for the 2019-20 accounting year. Due to the newly revised FRC Ethical Standard, MHA MacIntyre Hudson cannot continue in the role in 2020/21 and alternative arrangements are under consideration.

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems, purchase system and control accounts.
- Review all bank reconciliations to check these have been accurately completed, are authorised and contain no long-standing items.
- Check all payroll printouts are authorised each month.
- Check a sample bank payments are complete and authorised from order to delivery note to invoice and that these have been correctly recorded in the Nominal Ledger.
- Check that contracts over £20,000 follow quotation/tender policy.
- Review progress on implementation of previous management letter points.
- Reviewing policies of the Academy.

The internal auditor reports to the board of trustees, through the Finance Committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The internal auditors undertook two audit visits during the year under review and none since the financial year-end.

In the opinion of the trustees no control issues arose which require disclosure in this report.

REVIEW OF EFFECTIVENESS

As Accounting Officer the Principal 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 academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



.....
Douglas Lewis CBE
Chair of Trustees

Date: 27/1/21



.....
Marcus Huntley
Accounting Officer

Date: 27/1/21

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Compass Schools Trust I have considered my responsibility to notify the academy Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy Board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2019.

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.



Marcus Huntley
Accounting Officer

Date: 27/1/21

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction 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 of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments 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;
- 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 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 and signed on its behalf by:



Douglas Lewis CBE
Chair of Trustees

Date: 27/1/21

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COMPASS SCHOOLS TRUST**

Opinion

We have audited the financial statements of Compass Schools Trust (the 'academy') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2020 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COMPASS SCHOOLS TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion 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 Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the 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.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COMPASS SCHOOLS TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the academy for the purposes of company law) 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'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 academy or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the academy'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 academy's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Brendan Sharkey FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
6th Floor
2 London Wall Place
London
EC2Y 5AU

Date: 29 January 2021

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 03 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Compass Schools Trust during the year 1 September 2019 to 31 August 2020 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 Schools Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Compass Schools 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 Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Compass Schools Trust's funding agreement with the Secretary of State for Education dated 12 August 2013 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 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.

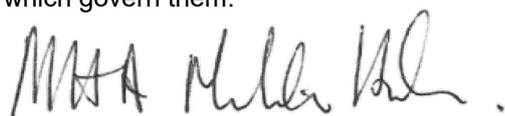
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- consideration of governance issues; and
- evaluating the internal control procedures and reporting lines and testing as appropriate and making appropriate enquiries of the Accounting Officer.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
6th Floor
2 London Wall Place
London
EC2Y 5AU

Date: 29 January 2021

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 3 | 60,721 | - | 74,296 | 135,017 | 154,099 |
| Charitable activities | 4 | - | 4,332,838 | - | 4,332,838 | 4,039,329 |
| Other trading activities | 5 | 13,079 | 19,188 | - | 32,267 | 66,098 |
| Investments | 6 | 641 | - | - | 641 | 788 |
| Total income | | 74,441 | 4,352,026 | 74,296 | 4,500,763 | 4,260,314 |
| Expenditure on: | | | | | | |
| Charitable activities | 7 | - | 3,970,600 | 508,510 | 4,479,110 | 4,722,763 |
| Total expenditure | | - | 3,970,600 | 508,510 | 4,479,110 | 4,722,763 |
| Net income/(expenditure) | | 74,441 | 381,426 | (434,214) | 21,653 | (462,449) |
| Transfers between funds | 16 | - | (123,933) | 123,933 | - | - |
| Net movement in funds before other recognised gains/(losses) | | 74,441 | 257,493 | (310,281) | 21,653 | (462,449) |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 22 | - | 127,000 | - | 127,000 | (120,000) |
| Net movement in funds | | 74,441 | 384,493 | (310,281) | 148,653 | (582,449) |

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|------------------------------------|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | 16 | 20,724 | 111,872 | 926,723 | 1,059,319 | 1,641,768 |
| Net movement in funds | 16 | 74,441 | 384,493 | (310,281) | 148,653 | (582,449) |
| Total funds carried forward | 16 | <u>95,165</u> | <u>496,365</u> | <u>616,442</u> | <u>1,207,972</u> | <u>1,059,319</u> |

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 28 to 51 form part of these financial statements.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07644380

BALANCE SHEET
AS AT 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 616,442 | 926,723 |
| | | <u>616,442</u> | <u>926,723</u> |
| Current assets | | | |
| Debtors | 14 | 336,317 | 575,424 |
| Cash at bank and in hand | 20 | 905,544 | 471,666 |
| | | <u>1,241,861</u> | <u>1,047,090</u> |
| Creditors: amounts falling due within one year | 15 | (345,331) | (567,494) |
| | | <u>896,530</u> | <u>479,596</u> |
| Net current assets | | 896,530 | 479,596 |
| Total assets less current liabilities | | 1,512,972 | 1,406,319 |
| Net assets excluding pension liability | | 1,512,972 | 1,406,319 |
| Defined benefit pension scheme liability | 22 | (305,000) | (347,000) |
| Total net assets | | 1,207,972 | 1,059,319 |
| Funds of the academy | | | |
| Restricted income funds: | | | |
| Restricted fixed asset funds | 16 | 616,442 | 926,723 |
| Restricted income funds | 16 | 801,365 | 458,872 |
| | | <u>1,417,807</u> | <u>1,385,595</u> |
| Restricted funds excluding pension asset | 16 | 1,417,807 | 1,385,595 |
| Pension reserve | 16 | (305,000) | (347,000) |
| | | <u>1,112,807</u> | <u>1,038,595</u> |
| Total restricted funds | 16 | 1,112,807 | 1,038,595 |
| Unrestricted income funds | 16 | 95,165 | 20,724 |
| | | <u>95,165</u> | <u>20,724</u> |
| Total funds | | 1,207,972 | 1,059,319 |

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 23 to 51 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Douglas Lewis CBE
Chair of Trustees



Marcus Huntley
Accounting Officer

Date: 27/1/21

27/1/21

The notes on pages 28 to 51 form part of these financial statements.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|---|-------------|-----------------------|----------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 18 | 557,170 | (575,989) |
| Cash flows from investing activities | 19 | (123,292) | (25,220) |
| Change in cash and cash equivalents in the year | | 433,878 | (601,209) |
| Cash and cash equivalents at the beginning of the year | | 471,666 | 1,072,875 |
| Cash and cash equivalents at the end of the year | 20, 21 | <u>905,544</u> | <u>471,666</u> |

The notes on pages 28 to 51 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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 accounts 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Compass Schools Trust is a company limited by guarantee incorporated in England and Wales. The address of the registered office, principal place of operation and registered number are detailed on page 1. The nature of the Academy Trust's operations and principal activity are detailed in the Trustees Report.

The financial statements are prepared in £ sterling, the functional currency, rounded to the nearest £1.

1.2 Going concern

The Trustees have assessed the use of going concern and have considered possible events or conditions that might cast significant doubt on the ability of the Trust to continue as a going concern including the impact of COVID-19. The Trustees have made this assessment for a period of at least one year from the date of the approval of these financial statements. The Trustees have concluded that there is a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern. The Trust therefore continues to adopt the going concern basis in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income

All incoming resources are recognised when the academy 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 year for which it is receivable and any abatement in respect of the year 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 year it is receivable and to the extent the academy has provided the goods or services.

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 allocated on the portion of the asset's use.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

The academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

1.7 Tangible fixed assets

Assets costing £2,000 or more 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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Depreciation is provided on the following bases:

| | |
|------------------------|--|
| Furniture and fixtures | - 14% per annum on a straight line basis |
| Computer equipment | - 20% per annum on a straight line basis |
| Building improvements | - 20% per annum on a straight line basis |

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

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 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 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.

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 as detailed in note 15. 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.

1.12 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.14 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

Investment income, gains and losses are allocated to the appropriate fund.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
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2. Critical accounting estimates and areas of judgment

Estimates and judgments 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 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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 judgment:

The judgments that have had a significant effect on amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives.

3. Income from donations and capital grants

| | Unrestricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|-------------------|--|--|---------------------------------------|---------------------------------------|
| Donations | 60,721 | - | 60,721 | 5,433 |
| Capital grants | - | 74,296 | 74,296 | 148,666 |
| Total 2020 | 60,721 | 74,296 | 135,017 | 154,099 |
| Total 2019 | 5,433 | 148,666 | 154,099 | |

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NOTES TO THE FINANCIAL STATEMENTS
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4. Funding for the Academy's educational operations

| | Restricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|--------------------------------|--|---------------------------------------|-----------------------------|
| DfE/ESFA grants | | | |
| General Annual Grant | 3,352,109 | 3,352,109 | 3,136,872 |
| Pupil premium | 239,855 | 239,855 | 244,867 |
| Other ESFA/DfE grants | 642,099 | 642,099 | 577,311 |
| | <u>4,234,063</u> | <u>4,234,063</u> | <u>3,959,050</u> |
| Other government grants | | | |
| SEN income | 98,775 | 98,775 | 80,279 |
| Total 2020 | <u><u>4,332,838</u></u> | <u><u>4,332,838</u></u> | <u><u>4,039,329</u></u> |
| Total 2019 | <u><u>4,039,329</u></u> | <u><u>4,039,329</u></u> | |

There are no unfulfilled conditions or other contingencies attached to the government grants above.

5. Income from other trading activities

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|-------------------|--|--|---------------------------------------|-----------------------------|
| Catering income | 4,738 | - | 4,738 | 45,041 |
| Trip income | 588 | - | 588 | 13,519 |
| Other income | 7,753 | 19,188 | 26,941 | 7,538 |
| Total 2020 | <u><u>13,079</u></u> | <u><u>19,188</u></u> | <u><u>32,267</u></u> | <u><u>66,098</u></u> |
| Total 2019 | <u><u>7,538</u></u> | <u><u>58,560</u></u> | <u><u>66,098</u></u> | |

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NOTES TO THE FINANCIAL STATEMENTS
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6. Investment income

| | Unrestricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|--------------------------|--|---------------------------------------|-----------------------------|
| Bank interest receivable | 641 | 641 | 788 |
| Total 2019 | 788 | 788 | |

7. Expenditure

| | Staff Costs 2020 £ | Premises 2020 £ | Other 2020 £ | Total 2020 £ | Total 2019 £ |
|-------------------------|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|--------------------|
| Educational operations: | | | | | |
| Direct costs | 2,161,468 | 508,510 | 253,820 | 2,923,798 | 3,042,088 |
| Support costs | 423,183 | 76,545 | 1,055,584 | 1,555,312 | 1,680,675 |
| Total 2020 | 2,584,651 | 585,055 | 1,309,404 | 4,479,110 | 4,722,763 |
| Total 2019 | 2,791,606 | 606,204 | 1,324,953 | 4,722,763 | |

In 2020, the total expenditure of £4,479,110 (2019 - £4,722,763) comprised of £Nil (2019 - £Nil) from unrestricted funds, £508,510 (2019 - £504,077) from restricted fixed asset funds and £3,970,600 (2019 - £4,218,686) from restricted funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Charitable expenditure

| | Direct costs 2020 £ | Support costs 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|-----------------------|---|--|--|--|
| Charitable activities | 2,923,798 | 1,555,312 | 4,479,110 | 4,722,763 |
| Total 2019 | 3,042,088 | 1,680,675 | 4,722,763 | |

Analysis of support costs

| | Educational operations 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---------------------------------------|---|--|--|
| Staff costs | 342,917 | 342,917 | 341,284 |
| Agency and other staff costs | 80,266 | 80,266 | 119,805 |
| Recruitment | 6,291 | 6,291 | 31,539 |
| Technology costs | 71,330 | 71,330 | 75,921 |
| Maintenance of premises and equipment | 76,545 | 76,545 | 102,127 |
| Rent | 503,253 | 503,253 | 507,996 |
| Insurance | 13,837 | 13,837 | 15,104 |
| Catering | 104,687 | 104,687 | 196,879 |
| Other support costs | 210,404 | 210,404 | 209,699 |
| Legal and professional services | 64,256 | 64,256 | - |
| Cleaning | 54,479 | 54,479 | 42,206 |
| Governance costs | 27,047 | 27,047 | 38,115 |
| Total 2020 | 1,555,312 | 1,555,312 | 1,680,675 |
| Total 2019 | 1,680,675 | 1,680,675 | |

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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

| | 2020 | 2019 |
|---------------------------------------|---------------------|--------------|
| | £ | £ |
| Operating lease rentals | 512,700 | 512,700 |
| Depreciation of tangible fixed assets | 508,510 | 504,077 |
| Fees paid to auditors for: | | |
| - audit | 8,250 | 7,650 |
| - other services | 4,000 | 5,600 |
| | <u>4,000</u> | <u>5,600</u> |

10. Staff

a. Staff costs

Staff costs during the year were as follows:

| | 2020 | 2019 |
|-----------------------|-------------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,878,166 | 1,921,984 |
| Social security costs | 194,135 | 197,443 |
| Pension costs | 421,424 | 350,716 |
| | <u>2,493,725</u> | <u>2,470,143</u> |
| Agency staff costs | 90,926 | 321,463 |
| | <u>2,584,651</u> | <u>2,791,606</u> |

Included in agency costs above are the costs of the Headteacher for part of the year.

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10. Staff (continued)

b. Staff numbers

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

| | 2020 | 2019 |
|----------------------------|-------------|------|
| | No. | No. |
| Teachers | 24 | 29 |
| Administration and support | 19 | 18 |
| Management | 8 | 7 |
| | 51 | 54 |

The above 2019 figures include the Headteacher, who was an agency staff member until January 2019 when he became a full time member of staff.

c. Higher paid staff

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

| | 2020 | 2019 |
|---------------------------------|-------------|------|
| | No. | No. |
| In the band £60,001 - £70,000 | 1 | 2 |
| In the band £70,001 - £80,000 | 1 | 1 |
| In the band £110,001 - £120,000 | - | 1 |
| In the band £120,001 - £130,000 | 1 | - |

During the year ended 31 August 2020, all of the above employees participated in the Teachers' Pension Scheme (2019 - 4). Pension contributions for these staff members amounted to £61,422 (2019 - £52,947). The Headteacher who was paid through an agency is disclosed above as he became a full time employee in January 2019.

d. Key management personnel

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by the senior management team for their services to the academy was £671,157 (2019 - £558,651). The total amount received by the Trustees is disclosed in note 11.

The Headteacher is a trustee and a member of the Senior Management Team.

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NOTES TO THE FINANCIAL STATEMENTS
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11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

| | | 2020 | 2019 |
|--|----------------------------|------------------------------------|----------------------|
| | | £ | £ |
| Marcus Huntley, Principal and Accounting Officer | Remuneration | 120,000 - 125,000 | 115,000 - 120,000 |
| | Pension contributions paid | 25,000 - 30,000 | 15,000 - 20,000 |
| Benjamin May | Remuneration | 50,000 - 55,000 | 45,000 - 50,000 |
| | Pension contributions paid | 10,000 - 15,000 | 5,000 - 10,000 |

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

12. Trustees' and Officers' insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000 (2019 - £10,000,000). It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme. The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets

| | Building improvements £ | Furniture and fixtures £ | Computer equipment £ | Total £ |
|--------------------------|-------------------------------|--------------------------------|----------------------------|-----------------------|
| Cost or valuation | | | | |
| At 1 September 2019 | 1,753,175 | 544,802 | 449,850 | 2,747,827 |
| Additions | 64,002 | 48,890 | 85,337 | 198,229 |
| Disposals | - | - | (13,569) | (13,569) |
| At 31 August 2020 | <u>1,817,177</u> | <u>593,692</u> | <u>521,618</u> | <u>2,932,487</u> |
| Depreciation | | | | |
| At 1 September 2019 | 1,159,241 | 344,003 | 317,860 | 1,821,104 |
| Charge for the year | 363,435 | 84,653 | 60,422 | 508,510 |
| On disposals | - | - | (13,569) | (13,569) |
| At 31 August 2020 | <u>1,522,676</u> | <u>428,656</u> | <u>364,713</u> | <u>2,316,045</u> |
| Net book value | | | | |
| At 31 August 2020 | <u><u>294,501</u></u> | <u><u>165,036</u></u> | <u><u>156,905</u></u> | <u><u>616,442</u></u> |
| At 31 August 2019 | <u><u>593,934</u></u> | <u><u>200,799</u></u> | <u><u>131,990</u></u> | <u><u>926,723</u></u> |

Compass Schools Trust operates from rented premises. Included in building improvements are capital changes made to these facilities. These improvements have been depreciated over the expected tenancy of the Academy Trust.

14. Debtors

| | 2020 £ | 2019 £ |
|--------------------------------|-----------------------|-----------------------|
| Due within one year | | |
| Trade debtors | 26,231 | 29,800 |
| Other debtors | 5,099 | - |
| Prepayments and accrued income | 227,070 | 477,467 |
| VAT recoverable | 77,917 | 68,157 |
| | <u><u>336,317</u></u> | <u><u>575,424</u></u> |

COMPASS SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

15. Creditors: Amounts falling due within one year

| | 2020 | 2019 |
|--|----------------------------|---------------------|
| | £ | £ |
| Trade creditors | 148,068 | 352,780 |
| Taxation and social security | 50,694 | 55,810 |
| Other creditors | 1,893 | 5,238 |
| Accruals and deferred income | 144,676 | 153,666 |
| | <hr/> 345,331 <hr/> | <hr/> 567,494 <hr/> |
| | 2020 | 2019 |
| | £ | £ |
| Deferred income | | |
| Deferred income at 1 September 2019 | 26,730 | - |
| Resources deferred during the year | - | 26,730 |
| Amounts released from previous periods | (26,730) | - |
| | <hr/> - <hr/> | <hr/> 26,730 <hr/> |

At 31 August 2020, there was deferred income of £Nil (2019 - £10,024) in respect of trips, £Nil (2019 - £13,573) in respect of rates relief received in advance and £Nil (2019 - £3,133) in respect of other income.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Statement of funds

| | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2020 £ |
|-------------------------------------|--|-------------|------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General funds | 20,724 | 74,441 | - | - | - | 95,165 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 90,500 | 3,352,109 | (2,871,049) | - | - | 571,560 |
| Other DfE/ESFA Grants | 137,657 | 881,954 | (877,216) | (123,933) | - | 18,462 |
| Other restricted income | 230,715 | 117,963 | (137,335) | - | - | 211,343 |
| Pension reserve | (347,000) | - | (85,000) | - | 127,000 | (305,000) |
| | 111,872 | 4,352,026 | (3,970,600) | (123,933) | 127,000 | 496,365 |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed asset funds | 926,723 | 74,296 | (508,510) | 123,933 | - | 616,442 |
| Total Restricted funds | 1,038,595 | 4,426,322 | (4,479,110) | - | 127,000 | 1,112,807 |
| Total funds | 1,059,319 | 4,500,763 | (4,479,110) | - | 127,000 | 1,207,972 |

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

Unrestricted funds are used at the discretion of the trustees on the charitable expenditure of the academy.

The General Annual Grant (GAG) represents the core funding for the educational activities of the academy, provided via the Education & Skills Funding Authority by the Department of Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Statement of funds (continued)

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes school trips, language classes income and other income received to cover costs in association with the activities.

The defined benefit pension reserve relates to the pension deficit arising on the LGPS pension scheme, and is the fund through which all pension scheme movements are recognised. The deficit is not payable immediately. There are plans in place to meet the deficit such that it is not a constraint on reserves.

The transfer of £123,933 from restricted funds to restricted fixed asset funds during the year relates to revenue funding spent on capital items.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Statement of funds (continued)

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

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2019 £ |
|-------------------------------------|--|-------------------------|---------------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General funds | 6,965 | 13,759 | - | - | - | 20,724 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 70,486 | 3,136,871 | (3,116,857) | - | - | 90,500 |
| Other DfE/ESFA Grants | 262,760 | 822,179 | (947,282) | - | - | 137,657 |
| Other restricted income | 174,431 | 138,839 | (56,547) | (26,008) | - | 230,715 |
| Pension reserve | (129,000) | - | (98,000) | - | (120,000) | (347,000) |
| | <u>378,677</u> | <u>4,097,889</u> | <u>(4,218,686)</u> | <u>(26,008)</u> | <u>(120,000)</u> | <u>111,872</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed asset funds | 1,256,126 | 148,666 | (504,077) | 26,008 | - | 926,723 |
| Total Restricted funds | <u>1,634,803</u> | <u>4,246,555</u> | <u>(4,722,763)</u> | <u>-</u> | <u>(120,000)</u> | <u>1,038,595</u> |
| Total funds | <u><u>1,641,768</u></u> | <u><u>4,260,314</u></u> | <u><u>(4,722,763)</u></u> | <u><u>-</u></u> | <u><u>(120,000)</u></u> | <u><u>1,059,319</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS
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17. Analysis of net assets between funds

Analysis of net assets between funds - current period

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 616,442 | 616,442 |
| Current assets | 95,165 | 1,146,696 | - | 1,241,861 |
| Creditors due within one year | - | (345,331) | - | (345,331) |
| Pension liability | - | (305,000) | - | (305,000) |
| Total | 95,165 | 496,365 | 616,442 | 1,207,972 |

Analysis of net assets between funds - prior period

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 926,723 | 926,723 |
| Current assets | 20,724 | 1,026,366 | - | 1,047,090 |
| Creditors due within one year | - | (567,494) | - | (567,494) |
| Pension liability | - | (347,000) | - | (347,000) |
| Total | 20,724 | 111,872 | 926,723 | 1,059,319 |

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NOTES TO THE FINANCIAL STATEMENTS
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18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | 2020 | 2019 |
|--|------------------|-----------|
| | £ | £ |
| Net income/(expenditure) for the period (as per Statement of Financial Activities) | 21,653 | (462,449) |
| Adjustments for: | | |
| Depreciation charges | 508,510 | 504,077 |
| Investment income | (641) | (788) |
| Decrease/(increase) in debtors | 239,107 | (258,647) |
| Decrease in creditors | (222,163) | (307,516) |
| Capital grants from DfE and other capital income | (74,296) | (148,666) |
| Defined benefit pension scheme | 85,000 | 98,000 |
| Net cash provided by/(used in) operating activities | 557,170 | (575,989) |

19. Cash flows from investing activities

| | 2020 | 2019 |
|--|------------------|-----------|
| | £ | £ |
| Investment income | 641 | 788 |
| Purchase of tangible fixed assets | (198,229) | (174,674) |
| Capital grants received | 74,296 | 148,666 |
| Net cash used in investing activities | (123,292) | (25,220) |

20. Analysis of cash and cash equivalents

| | 2020 | 2019 |
|--|----------------|---------|
| | £ | £ |
| Cash in hand | 905,544 | 471,666 |
| Total cash and cash equivalents | 905,544 | 471,666 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

21. Analysis of changes in net debt

| | At 1 September 2019 £ | Cash flows £ | At 31 August 2020 £ |
|--------------------------|--|-------------------------|------------------------------------|
| Cash at bank and in hand | 471,666 | 433,878 | 905,544 |
| | 471,666 | 433,878 | 905,544 |

22. Pension commitments

The academy'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 Southwark. Both are multi-employer defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

22. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% 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, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £284,000 (2019 - £204,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 contribution made for the year ended 31 August 2020 was £71,000 (2019 - £67,000), of which employer's contributions totalled £52,000 (2019 - £48,000) and employees' contributions totalled £ 19,000 (2019 - £19,000). The agreed contribution rates for future years are 17.7 per cent for employers and 5.5 - 12.5 per cent for employees.

As described in note 16 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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

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NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

Principal actuarial assumptions

| | 2020 | 2019 |
|--|-------------|------|
| | % | % |
| Rate of increase in salaries | 3.70 | 3.50 |
| Rate of increase for pensions in payment/inflation | 2.20 | 2.00 |
| Discount rate for scheme liabilities | 1.70 | 1.90 |

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

| | 2020 | 2019 |
|-----------------------------|-------------|-------|
| | Years | Years |
| <i>Retiring today</i> | | |
| Males | 20.8 | 22.6 |
| Females | 23.6 | 26.3 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.7 | 24.3 |
| Females | 25.5 | 28.1 |

Sensitivity analysis

| | 2020 | 2019 |
|--|-------------|------|
| | £000 | £000 |
| Discount rate -0.1% | 23 | 18 |
| Mortality assumption - 1 year increase | (24) | (21) |
| Pension increase rate +0.1% | 23 | 14 |

The academy's share of the assets in the scheme was:

| | 2020 | 2019 |
|-------------------------------------|----------------|---------|
| | £ | £ |
| Equities | 229,000 | 180,000 |
| Corporate bonds | 42,000 | 30,000 |
| Property | 53,000 | 51,000 |
| Cash and other liquid assets | 9,000 | 6,000 |
| Government bonds | 35,000 | 27,000 |
| Other | 17,000 | 5,000 |
| Total market value of assets | 385,000 | 299,000 |

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22. Pension commitments (continued)

The actual return on scheme assets was £19,000 (2019 - £20,000).

The amounts recognised in the Statement of Financial Activities are as follows:

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Current and past service cost | (131,000) | (143,000) |
| Interest income | 6,000 | 7,000 |
| Interest cost | (12,000) | (10,000) |
| Total amount recognised in the Statement of Financial Activities | (137,000) | (146,000) |

Changes in the present value of the defined benefit obligations were as follows:

| | 2020 £ | 2019 £ |
|-------------------------------|----------------|----------------|
| At 1 September | 646,000 | 334,000 |
| Current and past service cost | 131,000 | 143,000 |
| Interest cost | 12,000 | 10,000 |
| Employee contributions | 19,000 | 19,000 |
| Actuarial (gains)/losses | (114,000) | 133,000 |
| Benefits paid | (4,000) | 7,000 |
| At 31 August | 690,000 | 646,000 |

Changes in the fair value of the academy's share of scheme assets were as follows:

| | 2020 £ | 2019 £ |
|------------------------|----------------|----------------|
| At 1 September | 299,000 | 205,000 |
| Interest income | 6,000 | 7,000 |
| Actuarial gains | 13,000 | 13,000 |
| Employer contributions | 52,000 | 48,000 |
| Employee contributions | 19,000 | 19,000 |
| Benefits paid | (4,000) | 7,000 |
| At 31 August | 385,000 | 299,000 |

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

23. Operating lease commitments

At 31 August 2020 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Not later than 1 year | 512,704 | 512,700 |
| Later than 1 year and not later than 5 years | 1,533,408 | 1,025,401 |
| | <u>2,046,112</u> | <u>1,538,101</u> |

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

25. Related party transactions

Owing to the nature of the academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

Related party transactions - expenditure

The financial statements of the academy include £19,353 (2019 - £4,925) paid to Judicium Education Group Limited, in respect of services commissioned by the company on behalf of the Academy. Leon De Costa, a member of the school, is a director of Judicium Education Group Limited. The transaction was made on normal commercial terms. There was an outstanding balance of £Nil (2019 - £Nil) at the year end.

No other related party transactions took place in the year of account other than those disclosed in note 11.