

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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COMPASS SCHOOLS TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	D Bassett L De Costa M Deutz, Chair of Governors D Lewis CBE, Chair of Trustees G Rosen
Trustees	M Deutz, Chair of Governors ¹ P Atherton ¹ R Cuevas ¹ M Huntley, Principal and Accounting Officer T Jones-Parry D Lewis CBE, Chair of Trustees ¹ C Lucas ¹ B May L Salkeld-Townsley S Soroush ¹ S Wood Y Yeung (appointed 19 July 2022) G Majumdar (resigned 19 July 2022) ¹ Finance Committee
Company registered number	07644380
Company name	Compass Schools Trust
Principal and registered office	Compass School Southwark Drummond Road Bermondsey London SE16 2BT
Company secretary	M Deutz
Senior management team	R Beard, Assistant Principal (appointed 1 September 2022) B Clapham, Assistant Principal P Haverty, Assistant Principal E Walkey-Williams, Assistant Principal M Huntley, Principal G Jones, Assistant Principal (resigned 31 August 2022) S Milburn, Vice Principal M Selman, Director of Business & Operations E Snoxell, Assistant Principal
Bankers	National Westminster PO Box 712 94 Moorgate London EC2M 6UR

COMPASS SCHOOLS TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Solicitors	Browne Jackson LLP 15th Floor 6 Bevis Marks Bury Court London EC3A 7BA
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COMPASS SCHOOLS TRUST
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TRUSTEES REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2022. 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 405 in the school census of October 2022.

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. 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 14.

Method of Recruitment and Appointment or Election of Trustees

The Members of Compass Schools Trust appoint Governors 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.

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. 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.

COMPASS SCHOOLS TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

Policies and Procedures Adopted for the Induction and Training of Trustees

Governors are provided with statutory and other training deemed necessary given their responsibilities and their collective assessment of their skills. Training is arranged for them by the school, and when appropriate through the governance services of the London Borough of Southwark. 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.

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 and Vice-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. A Strategy Committee has also been established, consisting of the Chairs of each committee plus the Chair and Vice-Chair of Governors and the Chair of the Trust, to effectively explore matters regarding the future of the school as a single academy trust.

In the year under review the Full Governing Body (FGB) met 6 times, The Finance 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 virtual and in-person link visits and attendance at school events. Where appropriate, the outcomes of these activities were reported to the relevant committee. The school, having initially adapted its arrangements so Governors' meetings could be held via Microsoft Teams in response to the COVID-19 pandemic, has now moved back to meeting in person for FGB and committee meetings.

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.

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.

The Company and the School were involved in one related party transaction (Note 27), and there were no disclosable Connected Organisations.

COMPASS SCHOOLS TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

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 extending our Greenhouse Table Tennis provision to local primary schools, worked with local charities to support those in hardship and partnered with local sports clubs to broaden our enrichment offer.

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 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 2022

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 outcomes for our students within the school and relative to schools both local and national. The year under review was again unusual in that it was the first to conclude with GCSE examinations since 2019.

In the previous year of validated performance data, 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.

The performance data from 2021-22 must be viewed with caution.

The Department for Education have cautioned as follows:

Uneven impact of the pandemic on 2021/22 school and college performance data.

Pupils included in the 2021/22 school and college performance measures will have had an uneven disruption to their learning. We, therefore, recommend not making direct comparisons between schools, or with data from previous years. Comparisons with local and national averages can be made cautiously to put an individual school or college's results into context. The individual school and college data should be used with caution. It reflects a school or college's results in 2021/22 but cannot provide information about the factors which may have influenced these results. When forming a view of how well the school or college is doing, you should consider a range of different information sources, for example, discussing with the school or college directly, the school or college website, Ofsted reports, friends, and family.

The school's GCSE results in 2021-22 showed a trend of improvement across the academic year and represented the high point of the year 11 cohort's achievement from a starting point that was significantly impacted by the pandemic.

The DfE School Performance Tables show a demanding academic curriculum offer, with an EBacc entry rate that is significantly above the Southwark average and almost double the national average. However, the overall Progress 8 at -0.48 score is below local and national average as is the school's Attainment 8 score of 42.3. As national trends for schools with similar demographics emerge, it is likely that the above outcomes are broadly in line with similar schools.

In keeping with its values, the school strives to ensure that every pupil, regardless of their need or characteristics, is supported to make progress at least in line with or above national benchmarks and this is a focus for the year ahead.

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 published inspection took place in May 2017, when the school was graded as "GOOD" in all categories.

The school had a Section 8 'ungraded' inspection in November 2022 and expect the outcome to be published by the end of the Autumn term.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

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 £204,550 (2021 - £150,825) 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 extracurricular 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.

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 2022 the Academy received grants in support of its operating activities of £4,374,179 (2021- £4,446,907) and in respect of capital expenditure of £10,159 (2021 £10,556). Of the total revenue grant received, Pupil Premium amounted to £230,011 (2021 - £227,060). 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 £1,150,831 at 31 August 2022, (2021 £1,084,750). The surplus carried forward to 2022-23 is to be used as described in "Reserves Policy" below.

In line with the Department of Education and the Education and Skills Funding Agency expectations, the school provided additional resources to support pupils as they emerged from the disruptions associated with the pandemic. The support included bespoke mentoring and coaching and academic interventions.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

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 2022 the total funds comprised:

Unrestricted:	£90,329
Restricted:	
Fixed asset funds	£239,766
Pension reserve	(£NIL)
Other	<u>£1,060,502</u>
	£1,390,597

The deficit of £NIL (2021 - £425,000) 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 24. Any 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 fair value of the pension plan assets at 31 August 2022 at £619,000 is in excess of the present value of the defined contribution pension scheme obligation of £590,000 by £29,000. The surplus is recognised in the financial statements only to the extent that the academy trust can recover the surplus, either through a reduction in future contributions or through a refund to the academy trust.

The trust is not able to determine that future contributions will be reduced and it is not possible for Compass School to receive a refund, as the specific conditions have not been met. Therefore an asset ceiling surplus of £29,000 is not recognised as an asset at 31 August 2022 as the trust is not able to determine that future contributions will be reduced or that a refund or the surplus will be available in the foreseeable future.

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.

Unrestricted funds of £90,329 represent around 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.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

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.

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 subcommittee 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 wellbeing. Regular external reviews of the various aspects of the performance of the school are conducted to benchmark performance.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

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 2022-23 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.

The school is currently exploring its future as a single academy trust through its Strategy Committee.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

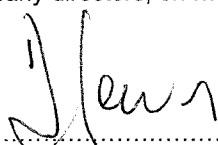
No funds are held by the Compass Schools Trust on behalf of others.

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, on 15/12/22 and signed on the board's behalf by:


.....
D Lewis CBE
Chair of Trustees

COMPASS SCHOOLS TRUST
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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022**

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 6 times during the year and also has fulfilled its governance requirements through the meetings of the subcommittees, circulation of Minutes and reviews of management accounts.

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

Trustee	Meetings Attended	Out of a possible
Benjamin May	5	6
Carrie Lucas	6	6
Doug Lewis	6	6
Grace Majumdar	5	6
Lisa Salkeld-Townsley	6	6
Marcus Huntley	6	6
Martin Deutz	6	6
Peter Atherton	4	6
Richard Cuevas	6	6
Sally Wood	6	6
Summer Soroush	3	6
Tristram Jones-Parry	6	6
Ying Yeung	2	2

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 2022

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

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

Conflicts of interest

All trustees and senior staff are required to complete and review a register of interests annually. In addition, every board and committee meeting has an agenda item requiring conflicts of interest to be declared and withdrawal from meetings where appropriate. The register of relevant interests is on the academy website.

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 69%.
- **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.

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

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 2021 to 31 August 2022 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 2021 to 31 August 2022 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 decided

to employ Strictly Education Ltd as internal auditor. This option has been chosen because after a formal procurement process, they were found to be the best value for money.

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

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 procurement processes
- testing of business continuity
- testing of control account/ bank reconciliations

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 three audits during the year under review and none since the financial year-end. On an annual basis the auditor prepare a summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

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

REVIEW OF EFFECTIVENESS

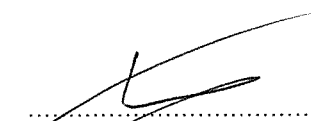
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 on 15/12/22 and signed on its behalf by:


.....
D Lewis CBE
Chair of Trustees


.....
M Huntley
Accounting Officer

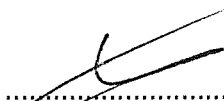
COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Compass Schools Trust I have considered my responsibility to notify the Academy Trust's Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust's, under the funding agreement in place between the Academy Trust's and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Academy Trust's Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academy Trust Handbook 2021.

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


.....
M. Huntley
Accounting Officer
Date: 16/12/22

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2022

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:

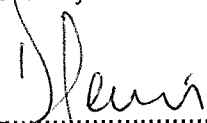
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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:


.....
D Lewis CBE
Chair of Trustees
Date: 16/12/22

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S 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 Trust') for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including 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 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

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

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

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

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

Other information

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

We have nothing to report in this regard.

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 Trust 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 AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
COMPASS SCHOOLS TRUST (CONTINUED)**

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the Directors of the Academy Trust 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management to identify any instances of known or suspected instances of fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management about any instances of non-compliance with laws and regulations;
- Reviewing the control systems in place and testing the effectiveness of the controls;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditor's Report.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

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

Use of our report

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

G.A. Crisp

Georgette Alicia Crisp BSc(Hons) FCA (Senior Statutory Auditor)
for and on behalf of
MHA MacIntyre Hudson
Statutory Auditor
London, United Kingdom

Date: *21st December 2022*

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 19 October 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Compass Schools Trust during the year 1 September 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Compass 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 Academy Trust Handbook, extant from 1 September 2021, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

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

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

- reviewing the minutes 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 Trust, with reference to the income streams and other information available to us as auditor;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams;
- 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 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

Reporting Accountant
MHA MacIntyre Hudson
Statutory Auditor
London, United Kingdom

Date: **21st December 2022**

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	Unrestricted funds 2022 £	Restricted general funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:						
Donations and capital grants	4	18,951	-	10,159	29,110	26,255
Other trading activities	6	89,521	10,490	-	100,011	81,670
Investments	7	139	-	-	139	206
Charitable activities	5	-	4,374,179	-	4,374,179	4,446,907
Total income		108,611	4,384,669	10,159	4,503,439	4,555,038
Expenditure on:						
Charitable activities	9,10	105,596	4,460,886	141,507	4,707,989	4,705,863
Total expenditure	8	105,596	4,460,886	141,507	4,707,989	4,705,863
Net income/(expenditure)		3,015	(76,217)	(131,348)	(204,550)	(150,825)
Transfers between funds	18	(7,717)	-	7,717	-	-
Net movement in funds before other recognised gains/(losses)		(4,702)	(76,217)	(123,631)	(204,550)	(150,825)
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	24	-	572,000	-	572,000	(34,000)
Net movement in funds		(4,702)	495,783	(123,631)	367,450	(184,825)
Reconciliation of funds:						
Total funds brought forward		95,031	564,719	363,397	1,023,147	1,207,972
Net movement in funds		(4,702)	495,783	(123,631)	367,450	(184,825)
Total funds carried forward		90,329	1,060,502	239,766	1,390,597	1,023,147

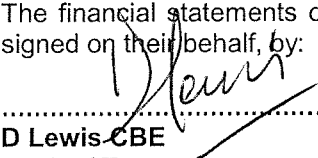
The Statement of Financial Activities includes all gains and losses recognised in the year.
The notes on pages 26 to 53 form part of these financial statements.

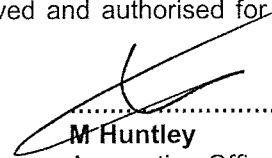
COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07644380

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	15		239,766		363,397
Current assets					
Debtors	16	245,093		527,694	
Cash at bank and in hand	22	1,274,139		1,189,905	
		<u>1,519,232</u>		<u>1,717,599</u>	
Creditors: Amounts falling due within one year	17	(368,401)		(632,849)	
Net current assets			<u>1,150,831</u>		<u>1,084,750</u>
Total assets less current liabilities			<u>1,390,597</u>		<u>1,448,147</u>
Defined benefit pension scheme liability	24		-		(425,000)
Total net assets			<u><u>1,390,597</u></u>		<u><u>1,023,147</u></u>
Funds of the Academy Trust					
Restricted funds:					
Restricted fixed asset funds	18	239,766		363,397	
Restricted general funds	18	1,060,502		989,719	
		<u>1,300,268</u>		<u>1,353,116</u>	
Restricted funds excluding pension liability	18				
Restricted general funds - pension reserve	18	-		(425,000)	
Total restricted funds	18		<u>1,300,268</u>		<u>928,116</u>
Unrestricted funds	18		<u>90,329</u>		<u>95,031</u>
Total funds			<u><u>1,390,597</u></u>		<u><u>1,023,147</u></u>

The financial statements on pages 23 to 53 were approved and authorised for issue by the Trustees and are signed on their behalf, by:


D Lewis CBE
Chair of Trustees
Date: 16/12/22


M Huntley
Accounting Officer

The notes on pages 26 to 53 form part of these financial statements.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash generated from operating activities	20	91,812	381,231
Cash flows used in investing activities	21	(7,578)	(96,870)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		84,234	284,361
Cash and cash equivalents at the beginning of the year		1,189,905	905,544
Cash and cash equivalents at the end of the year	22, 23	1,274,139	1,189,905
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 26 to 53 form part of these financial statements.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. General information

Compass Schools Trust is a company limited by guarantee, incorporated in England and Wales.

The address of the registered office and principal place of operation is detailed on page 1.

The nature of the Academy Trust's operations and principal activity are detailed in the Governors' Report.

2. 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.

2.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared on a going concern basis, 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in Pound Sterling which is the functional currency of the Academy Trust and rounded to the nearest Pound Sterling.

2.2 Going concern

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.3 Income

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

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 Trust has provided the goods or services.

2.4 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 Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

COMPASS SCHOOLS TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.5 Interest receivable

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

2.6 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

2.7 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 or restricted general funds, a transfer is made to the restricted fixed asset 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 basis:

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

2.8 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 2022

2. Accounting policies (continued)

2.9 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.

2.10 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.11 Operating leases

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

2.12 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement 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 16. 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 17. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

2.14 Fund accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

4. Income from donations and capital grants

	Unrestricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Donations	18,951	-	18,951
Capital grants	-	10,159	10,159
	<u>18,951</u>	<u>10,159</u>	<u>29,110</u>

	<i>Unrestricted funds 2021 £</i>	<i>Restricted fixed asset funds 2021 £</i>	<i>Total funds 2021 £</i>
Donations	15,699	-	15,699
Capital grants	-	10,556	10,556
	<u>15,699</u>	<u>10,556</u>	<u>26,255</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

5. Charitable activities - Funding for the Academy Trust's educational operations

	Restricted general funds 2022 £	Total funds 2022 £
Educational operations		
DfE/ESFA grants		
General Annual Grant (GAG)	3,343,677	3,343,677
Other DfE/ESFA grants		
Pupil Premium	230,011	230,011
Academy Free Schools lease	507,991	507,991
Supplementary grant	44,520	44,520
Others	72,444	72,444
	<u>4,198,643</u>	<u>4,198,643</u>
Other Government grants		
Local Authority SEN income	61,518	61,518
Other Government revenue grants	59,733	59,733
	<u>121,251</u>	<u>121,251</u>
COVID-19 additional funding		
Catch-up Premium	34,057	34,057
Other COVID grants	20,228	20,228
	<u>54,285</u>	<u>54,285</u>
	<u><u>4,374,179</u></u>	<u><u>4,374,179</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

5. Charitable activities - Funding for the Academy Trust's educational operations (continued)

	<i>Restricted general funds 2021 £</i>	<i>As restated Total funds 2021 £</i>
Educational operations		
DfE/ESFA grants		
General Annual Grant (GAG)	3,383,602	3,383,602
Other DfE/ESFA grants		
Pupil Premium	227,060	227,060
Teachers' pension grant	102,420	102,420
Academy Free Schools lease	507,991	507,991
Others	133,714	133,714
	<u>4,354,787</u>	<u>4,354,787</u>
Other Government grants		
Local Authority SEN income	62,720	62,720
COVID-19 additional funding (non-DfE/ESFA)		
Catch-up Premium	29,400	29,400
	<u>4,446,907</u>	<u>4,446,907</u>

Following the reclassification in the Academies Accounts Direction 2021/22 of the analysis of Other DfE/ESFA grants, the prior year numbers for have been reclassified. This reclassification has no impact on the result for the year nor the reserves at 31 August 2021.

COMPASS SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

6. Income from other trading activities

	Unrestricted funds 2022 £	Restricted general funds 2022 £	Total funds 2022 £
Catering income	74,170	-	74,170
Trip income	8,271	-	8,271
Other income	7,080	10,490	17,570
	<u>89,521</u>	<u>10,490</u>	<u>100,011</u>

	<i>Unrestricted funds 2021 £</i>	<i>Restricted general funds 2021 £</i>	<i>Total funds 2021 £</i>
Catering income	40,696	-	40,696
Trip income	1,885	-	1,885
Other income	15,120	23,969	39,089
	<u>57,701</u>	<u>23,969</u>	<u>81,670</u>

7. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £
Bank interest receivable	<u>139</u>	<u>139</u>

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Bank interest receivable	<u>206</u>	<u>206</u>

COMPASS SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

8. Total expenditure

	Staff costs 2022 £	Premises costs 2022 £	Other costs 2022 £	Total 2022 £
Educational operations:				
Direct costs	2,410,420	141,507	296,371	2,848,298
Support costs	613,851	737,374	508,466	1,859,691
	<u>3,024,271</u>	<u>878,881</u>	<u>804,837</u>	<u>4,707,989</u>

	Staff costs 2021 £	Premises costs 2021 £	Other costs 2021 £	Total 2021 £
Educational operations:				
Direct costs	2,237,816	360,677	179,887	2,778,380
Support costs	514,202	672,325	740,956	1,927,483
	<u>2,752,018</u>	<u>1,033,002</u>	<u>920,843</u>	<u>4,705,863</u>

Following the reclassification in the Academies Accounts Direction 2021/22 of the grouping of support costs, the prior year numbers for premises support costs and other support costs have been reclassified. This reclassification has no impact on the result for the year nor the reserves at 31 August 2021.

COMPASS SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

9. Analysis of expenditure on charitable activities - by fund

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Educational operations	105,596	4,602,393	4,707,989

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total 2021 £</i>
Educational operations	73,740	4,632,123	4,705,863

10. Analysis of expenditure on charitable activities - by type

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Educational operations	2,848,298	1,859,691	4,707,989

	<i>Activities undertaken directly 2021 £</i>	<i>Support costs 2021 £</i>	<i>Total funds 2021 £</i>
Educational operations	2,778,380	1,927,483	4,705,863

COMPASS SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

10. Analysis of expenditure on charitable activities - by type (continued)

Analysis of support costs

	Total funds 2022 £	<i>Total funds 2021 £</i>
Defined benefit pension scheme finance cost	6,000	5,000
Staff costs	607,851	509,202
Technology costs	48,659	123,297
Premises costs	737,374	672,325
Other costs	425,056	584,956
Governance costs	34,751	32,703
	1,859,691	1,927,483

Following the reclassification in the Academies Accounts Direction 2021/22 of the grouping of support costs, the prior year numbers have been reclassified. This reclassification has no impact on the result for the year nor the reserves at 31 August 2021.

11. Net income/(expenditure)

Net income/(expenditure) for the year is stated after charging/(crediting):

	2022 £	<i>2021 £</i>
Operating lease rentals	512,421	512,700
Depreciation of tangible fixed assets	141,507	360,677
Fees paid to auditor for:		
- Audit of the financial statements	10,800	10,250
- Other services	4,725	4,550

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

12. Staff

a. Staff costs

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	2,104,343	1,970,937
Social security costs	217,444	183,280
Pension costs	524,462	412,676
	<hr/>	<hr/>
	2,846,249	2,566,893
Agency staff costs	172,022	180,125
Defined benefit pension scheme finance cost	6,000	5,000
	<hr/>	<hr/>
	3,024,271	2,752,018
	<hr/>	<hr/>

b. Staff numbers

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

	2022 No.	2021 No.
Teachers	24	21
Administration and support	22	23
Management	8	9
	<hr/>	<hr/>
	54	53
	<hr/>	<hr/>

COMPASS SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

12. Staff (continued)

c. Higher paid staff

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

	2022 No.	2021 No.
In the band £60,001 - £70,000	4	3
In the band £120,001 - £130,000	1	1

During the year ended 31 August 2022, all (2021 - all) of the above employees participated in the Teachers' Pension Scheme. Pension contributions for these staff amounted to £93,463 (2021 - £60,351).

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £763,733 (2021 - £781,874).

The Principal is a Trustee and a member of the Senior Management Team.

13. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. 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:

		2022 £	2021 £
M Huntley, Principal and Accounting Officer	Remuneration	125,000 -	125,000 -
		130,000	130,000
	Pension contributions paid	30,000 -	25,000 -
		35,000	30,000
B May, Staff Trustee	Remuneration	55,000 -	55,000 -
		60,000	60,000
	Pension contributions paid	10,000 -	10,000 -
		15,000	15,000

During the year ended 31 August 2022, no Trustee expenses have been incurred (2021 - £NIL).

COMPASS SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

14. Trustees' and Officers' insurance

The Academy Trust has opted into the Department for the Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protect 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 (2021 - £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.

15. Tangible fixed assets

	Building improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2021	1,825,685	666,934	547,500	3,040,119
Additions	-	17,876	-	17,876
At 31 August 2022	1,825,685	684,810	547,500	3,057,995
Depreciation				
At 1 September 2021	1,725,288	522,748	428,686	2,676,722
Charge for the year	40,088	38,678	62,741	141,507
At 31 August 2022	1,765,376	561,426	491,427	2,818,229
Net book value				
At 31 August 2022	60,309	123,384	56,073	239,766
At 31 August 2021	100,397	144,186	118,814	363,397

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

COMPASS SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

16. Debtors

	2022	2021
	£	£
Due within one year		
Trade debtors	1,000	258
Other debtors	56,856	223,434
Prepayments and accrued income	187,237	304,002
	245,093	527,694

17. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	248,447	405,398
Other taxation and social security	61,115	52,269
Other creditors	17,022	210
Accruals	41,817	174,972
	368,401	632,849

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

18. Statement of funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
General Funds	95,031	108,611	(105,596)	(7,717)	-	90,329
Restricted general funds						
General Annual Grant (GAG)	851,689	3,330,667	(3,272,895)	-	-	909,461
Pupil Premium	-	230,011	(230,011)	-	-	-
Other DfE/ESFA revenue grants	23,763	697,698	(684,687)	-	-	36,774
Local Authority revenue grants	-	61,518	(61,518)	-	-	-
Exceptional government funding	-	54,285	(54,285)	-	-	-
Other restricted income	114,267	10,490	(10,490)	-	-	114,267
Pension reserve	(425,000)	-	(147,000)	-	572,000	-
	564,719	4,384,669	(4,460,886)	-	572,000	1,060,502
Restricted fixed asset funds						
NBV of fixed assets	363,397	-	(141,507)	17,876	-	239,766
DfE/ESFA capital grants	-	10,159	-	(10,159)	-	-
	363,397	10,159	(141,507)	7,717	-	239,766
Total Restricted funds	928,116	4,394,828	(4,602,393)	7,717	572,000	1,300,268
Total funds	1,023,147	4,503,439	(4,707,989)	-	572,000	1,390,597

COMPASS SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

18. Statement of funds (continued)

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

The Unrestricted general fund has been created to recognise the incoming and outgoing resources in respect of activities undertaken by the Academy Trust which fall outside the scope of its core activities. The transfer out of £7,717 represents capital additions purchased using unrestricted funds.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided via the Education and Skills Funding Agency by the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the Academy Trust.

The Pupil Premium fund has been established to recognise the restricted funding from the ESFA to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

The Other DfE / ESFA revenue grants fund represents a variety of other grant incomes that are received from the ESFA that fall outside of the core funding of the Academy Trust.

The Local Authority revenue grants fund has been set up to recognise the income received from the local council as a contribution towards the cost of the Academy Trust's revenue expenditure.

The Other restricted income fund has been established to recognise all other restricted income and expenditure which falls outside the scope of the Academy Trust's core funding.

The Exceptional Government fund has been established to record exceptional restricted funding received from the government in response to the COVID-19 pandemic.

The Pension reserve fund has been created to separately identify the pension deficit inherited from the Local Authority upon conversion to Academy Trust status, and through which all the pension scheme movements are recognised.

The NBV of fixed assets fund has been set up to recognise the tangible assets held by the school and is equivalent to the net book value of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund.

The DfE / ESFA capital grants fund has been created to recognise capital grants received for the purpose of the acquisition of tangible fixed assets. As tangible fixed assets are purchased, a transfer is made to the NBV of fixed assets fund.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2022.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

18. Statement of funds (continued)

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

	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2021 £</i>
Unrestricted funds						
General Funds	95,165	73,606	(73,740)	-	-	95,031
Restricted general funds						
General Annual Grant (GAG)	571,560	3,383,602	(3,103,473)	-	-	851,689
Pupil Premium	-	227,060	(227,060)	-	-	-
Other DfE/ESFA revenue grants	18,462	641,705	(636,404)	-	-	23,763
Other restricted income	211,343	86,689	(86,689)	(97,076)	-	114,267
Teachers' Pension grant	-	102,420	(102,420)	-	-	-
Covid Catch up grant	-	29,400	(29,400)	-	-	-
Pension reserve	(305,000)	-	(86,000)	-	(34,000)	(425,000)
	496,365	4,470,876	(4,271,446)	(97,076)	(34,000)	564,719
Restricted fixed asset funds						
NBV of fixed assets	616,442	10,556	(360,677)	97,076	-	363,397
Total Restricted funds	1,112,807	4,481,432	(4,632,123)	-	(34,000)	928,116
Total funds	1,207,972	4,555,038	(4,705,863)	-	(34,000)	1,023,147

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

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted general funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	239,766	239,766
Current assets	90,329	1,428,903	-	1,519,232
Creditors due within one year	-	(368,401)	-	(368,401)
Total	90,329	1,060,502	239,766	1,390,597

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	Restricted general funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	363,397	363,397
Current assets	95,031	1,622,568	-	1,717,599
Creditors due within one year	-	(632,849)	-	(632,849)
Defined benefit pension scheme liability	-	(425,000)	-	(425,000)
Total	95,031	564,719	363,397	1,023,147

COMPASS SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20. Reconciliation of net expenditure to net cash flow from operating activities

		2022 £	2021 £
Net expenditure for the year (as per Statement of Financial Activities)		(204,550)	(150,825)
Adjustments for:			
Depreciation	15	141,507	360,677
Capital grants from DfE and other capital income	4	(10,159)	(10,556)
Investment income	7	(139)	(206)
Defined benefit pension scheme cost less contributions payable	24	141,000	81,000
Defined benefit pension scheme finance cost	24	6,000	5,000
Decrease/(increase) in debtors	17	282,601	(191,377)
(Decrease)/increase in creditors	16	(264,448)	287,518
Net cash generated from operating activities		91,812	381,231

21. Cash flows from investing activities

		2022 £	2021 £
Investment income	7	139	206
Purchase of tangible fixed assets	15	(17,876)	(107,632)
Capital grants received	4	10,159	10,556
Net cash used in investing activities		(7,578)	(96,870)

22. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand and at bank	1,274,139	1,189,905
Total cash and cash equivalents	1,274,139	1,189,905

COMPASS SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

23. Analysis of changes in net debt

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	1,189,905	84,234	1,274,139
	<u>1,189,905</u>	<u>84,234</u>	<u>1,274,139</u>

24. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of 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 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2021 - £NIL).

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 2022**

24. 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 2024.

The employer's pension costs paid to TPS in the year amounted to £308,000 (2021 - £280,000).

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 Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £102,000 (2021 - £72,000), of which employer's contributions totalled £75,000 (2021 - £52,000) and employees' contributions totalled £27,000 (2021 - £20,000). The agreed contribution rates for future years are 18.7 per cent for employers and 5.5 - 12.5 per cent for employees.

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

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24. Pension commitments (continued)

Principal actuarial assumptions

	2022	2021
	%	%
Rate of increase in salaries	4.20	4.10
Rate of increase for pensions in payment/inflation	2.70	2.60
Discount rate for scheme liabilities	4.00	1.70

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

	2022	2021
	Years	Years
<i>Retiring today</i>		
Males	20.7	20.9
Females	23.6	23.7
<i>Retiring in 20 years</i>		
Males	22.6	22.8
Females	25.4	25.6

Sensitivity analysis

	2022	2021
	£000	£000
Discount rate -0.1%	20	33
Mortality assumption - 1 year increase	(17)	(35)
Pension increase rate +0.1%	20	33

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24. Pension commitments (continued)

Share of scheme assets

The Academy Trust's share of the assets in the scheme was:

	At 31 August 2022 £	At 31 August 2021 £
Equities	335,000	337,000
Corporate bonds	59,000	46,000
Property	105,000	70,000
Cash and other liquid assets	25,000	8,000
Government bonds	45,000	49,000
Other	50,000	21,000
Total market value of assets	619,000	531,000

The actual loss on scheme assets was £9,000 (2021 - Return of £77,000).

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

	2022 £	2021 £
Current service cost	(216,000)	(133,000)
Interest income	10,000	7,000
Interest cost	(16,000)	(12,000)
Total amount recognised in the Statement of Financial Activities	(222,000)	(138,000)

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

	2022 £	2021 £
At 1 September	956,000	690,000
Current service cost	216,000	133,000
Interest cost	16,000	12,000
Employee contributions	27,000	20,000
Actuarial (gains)/losses	(591,000)	104,000
Benefits paid	(5,000)	(3,000)
At 31 August	619,000	956,000

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24. Pension commitments (continued)

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

	2022	2021
	£	£
At 1 September	531,000	385,000
Interest income	10,000	7,000
Actuarial (losses)/gains	(19,000)	70,000
Employee contributions	27,000	20,000
Employer contributions	75,000	52,000
Benefits paid	(5,000)	(3,000)
At 31 August	619,000	531,000

25. Operating lease commitments

At 31 August 2022 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£	£
Not later than 1 year	512,704	512,704
Later than 1 year and not later than 5 years	-	509,559
	512,704	1,022,263

26. 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.

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27. Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust 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 Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Related party transactions - expenditure

The financial statements of the Academy Trust include £21,398 (2021 - £42,790) paid to Judicium Consulting Ltd, in respect of services commissioned by the company on behalf of the Academy Trust. £9,000 of this related to services that will be reimbursed by RPA insurance cover. L De Costa, a Member of the school, is a Director of Judicium Consulting Ltd. The transaction was made on a normal commercial terms. There was an outstanding balance of £9,000 (2021 - £NIL) at the end of the year.

No other related party transactions took place in the year of account other than those disclosed in Note 13.

28. Controlling party

There is no ultimate controlling party.