

Charity Registration No. 1107023

Company Registration No. 05268721 (England and Wales)

**CHALLENGE & ADVENTURE LTD**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2020**



# CHALLENGE & ADVENTURE LTD

## LEGAL AND ADMINISTRATIVE INFORMATION

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**Trustees**  
Mr M Bell  
Mrs W Bluestone  
Mr S Howe JP  
Mrs G Kennett MBE  
Mrs C Taverner

**Charity number** 1107023

**Company number** 05268721

**Registered office**  
9 St Johns Place  
Newport  
Isle of Wight  
PO30 1LH

**Independent examiner**  
Moore (South) LLP  
9 St Johns Place  
Newport  
Isle of Wight  
PO30 1LH

**Bankers**  
Santander UK Plc  
2 Triton Square  
Regent's Place  
London  
NW1 3AN

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# CHALLENGE & ADVENTURE LTD

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# **CHALLENGE & ADVENTURE LTD**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

**FOR THE PERIOD ENDED 30 JUNE 2020**

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The trustees present their report and financial statements for the period ended 30 June 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's memorandum and articles of association, the Companies Act 2006 and "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)" issued in October 2019.

### **Objectives and activities**

The Charity's objects are to engage young people who are in need by reason of their social, health, or economic circumstances by providing opportunity and support to achieve through a progressive programme of informal educational activity, thus providing a positive and constructive alternative to crime and anti-social behaviour and to help develop responsible and useful members of society and improve the quality of their lives.

The charity's activities included:

1. Providing the opportunity and space for young people to achieve
2. Providing initial engagement for referred young people
3. Providing an ongoing programme of activity and support to maintain engagement post the "challenge group"
4. Providing programmes to support post 16 engagement in education, training and employment
5. Providing 1-2-1 opportunities to support re-engagement with Isle of Wight based education
6. Providing access, support and activities to enable opportunity of participating in and gaining local or national accreditations e.g. the Duke of Edinburgh's Award)
7. Providing opportunities for young people to learn about and engage in their local, national and international communities.

As a result of changes to funding, the Trustees resolved to close the Charity in the summer of 2019, and the Trustees are in the process of closing the charity.

The trustees have paid due regard to guidance issued by the Charity Commission and public benefit in deciding what activities the charity should undertake.

# CHALLENGE & ADVENTURE LTD

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

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### Achievements and performance

Challenge and Adventure worked with HTP Apprenticeship College, a local education provider throughout recent years in running the Challenge Programme which gave the Charity the chance to deliver a wider range of educational opportunities for young people including outdoor activities using facilities in Parkhurst Forest, and sailing activities. These opportunities enabled young people to have experiences that might not otherwise be available to them.

The Challenge group worked with the Duke of Edinburgh Award programme and one to one support was provided to the young people as well as them being able to take part in Challenge and Adventure activities as a group. The educational input was provided by HTP.

Due to changes in national funding around provision of education services, it was decided that the Charity would close.

As a result of this the Challenge and Adventure operational staff were transferred to HTP and have been able to continue to deliver a similar Challenge programme for young people on the Isle of Wight. The Charity had leased a building in Parkhurst Forest for the use of Challenge and Adventure and negotiations are ongoing with the Forestry Commission for the lease to be surrendered early so that the Charity may close.

HTP apprenticeship College is in negotiations direct with the Forestry Commission to enable them to continue using the facility for the benefit of young people, which will enable the ethos of the Challenge and Adventure to continue alongside the Duke of Edinburgh Award scheme.

The Charity's decision to close means that the Charity is no longer a going concern, and as soon as the financial obligations are met the Charity will seek formal closure.

### Financial review

During the year income from all activities educational streams and challenge programs ceased. The Charity incurred a net expenditure of £39,025 in the long period as activities were brought to a close. The Charity remains with some activity equipment which can be passed to other youth based charities within the Isle of Wight area.

The Charity's policy was to hold sufficient fund to complete one academic year, but with the decision taken to close the charity whilst the charity is able to wind down its activities, this policy is no longer necessary.

The Charity is grateful for the management support provided by HTP, and in helping the Charity with the closing of the charity, and taking over the lease at the Forest.

It is planned that, once the obligations of the charity have been fully met, the charity will be closed.

The Trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

### Structure, governance and management

The charity's governing document is its Articles and Memorandum of Association.

The organisation is a charitable company limited by guarantee, incorporated and registered as a charity on 25th October 2004. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £10.

The trustees, who are also the directors for the purpose of company law, and who served during the period and up to the date of signature of the financial statements were:

Mr M Bell

Mrs W Bluestone

Mr S Howe JP

# CHALLENGE & ADVENTURE LTD

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

**FOR THE PERIOD ENDED 30 JUNE 2020**

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Mrs G Kennett MBE

Mrs C Taverner

Under the requirements of the Articles, the Board must elect officers to the positions of Chair, Vice-Chair and Treasurer. Officers serve for a period of one year after which they must be re-elected at the next Annual General Meeting. Training for trustees is available.

In carrying out our work, the Trustees have taken regard to the Charity Commission's guidance on public benefit.

### **Statement of trustees' responsibilities**

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and to ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report was approved by the Board of Trustees.



Mrs G Kennett MBE

Trustee

Dated: 29 April 2021

# CHALLENGE & ADVENTURE LTD

## INDEPENDENT EXAMINER'S REPORT

### TO THE TRUSTEES OF CHALLENGE & ADVENTURE LTD

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I report to the trustees on my examination of the financial statements of Challenge & Adventure Ltd (the charity) for the period ended 30 June 2020.

#### **Responsibilities and basis of report**

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

#### **Independent examiner's statement**

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



Moore (South) LLP

9 St Johns Place  
Newport  
Isle of Wight  
PO30 1LH

Dated: 30 April 2021

# CHALLENGE & ADVENTURE LTD

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2020

	Notes	2020 £	2018 £
<b><u>Income from:</u></b>			
Donations and legacies	3	18,199	25,668
Charitable activities	4	5,869	69,877
Other trading activities	5	12,453	28,401
<b>Total income</b>		<b>36,521</b>	<b>123,946</b>
<b><u>Expenditure on:</u></b>			
Raising funds	6	20,864	32,026
Charitable activities	7	54,682	93,114
<b>Total resources expended</b>		<b>75,546</b>	<b>125,140</b>
<b>Net expenditure for the year/ Net movement in funds</b>		<b>(39,025)</b>	<b>(1,194)</b>
Fund balances at 1 January 2019		47,302	48,496
<b>Fund balances at 30 June 2020</b>		<b>8,277</b>	<b>47,302</b>

The statement of financial activities includes all gains and losses recognised in the period.

All income and expenditure derive from activities which ceased in the subsequent period.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.



# CHALLENGE & ADVENTURE LTD

## BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 £	£	2018 £	£
<b>Current assets</b>					
Debtors	11	8,098		38,088	
Cash at bank and in hand		179		15,668	
		<u>8,277</u>		<u>53,756</u>	
<b>Creditors: amounts falling due within one year</b>	12	-		(6,454)	
Net current assets			8,277		47,302
<b>Income funds</b>					
Unrestricted funds			8,277		47,302
			<u>8,277</u>		<u>47,302</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the period ended 30 June 2020. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements. Members have not required the company to obtain an audit.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements for the period in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 29 April 2021



Mrs G Kennett MBE  
Trustee

Company Registration No. 05268721

# CHALLENGE & ADVENTURE LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED 30 JUNE 2020**

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### **1 Accounting policies**

#### **Charity information**

Challenge & Adventure Ltd is a private company limited by guarantee incorporated in England and Wales. The registered office is 9 St Johns Place, Newport, Isle of Wight, PO30 1LH.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with the charity's Memorandum and Articles, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The Trustees have resolved to close the activities of the charitable company and as such cannot continue to adopt the going concern basis in the preparation of these accounts. Therefore the fixed assets have been reclassified as current assets. The charity ceased to operate services to young people at the end of July 2019.

#### **1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

#### **1.4 Incoming resources**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income in respect of education grants and services are recognised, when any conditions for their receipt are complied with and in the period to which they relate.

#### **1.5 Resources expended**

Expenditure for Charitable activities is recognised when incurred and allocated to the Youth Work of the Charity. Expenditure for fundraising costs are recognised when incurred. Staff costs are charged to Youth Work or fundraising depending on the employee and role. Support costs are then allocated pro-rata to Youth Work and Fundraising as appropriate, using actual allocations where possible.

# CHALLENGE & ADVENTURE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

# CHALLENGE & ADVENTURE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

### 1 Accounting policies

(Continued)

#### 1.9 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Donations and legacies

	Unrestricted Funds	Unrestricted Funds
	2020	2018
	£	£
Donations and gifts	18,199	25,668

### 4 Charitable activities

	Unrestricted Funds	Unrestricted Funds
	2020	2018
	£	£
Sales within charitable activities - contracts for training provision	5,869	69,877

# CHALLENGE & ADVENTURE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

### 5 Other trading activities

	Unrestricted funds	Unrestricted funds
	2020	2018
	£	£
Fundraising events	12,453	28,401

### 6 Raising funds

	Unrestricted funds	Total
	2020	2018
	£	£
Fundraising and publicity		
Staging fundraising events	8,016	-
Share of governance costs	581	960
Advertising	761	-
Staff costs	7,500	26,359
Support costs	4,006	4,707
Fundraising and publicity	20,864	32,026
	20,864	32,026

### 7 Charitable activities

	2020	2018
	£	£
Staff costs	26,298	46,655
General activities	2,698	4,516
Transport and travel costs	3,100	5,184
Transfer of vehicles and educational equipment	7,990	-
	40,086	56,355
Share of support costs (see note 8)	12,020	32,917
Share of governance costs (see note 8)	2,576	3,842
	54,682	93,114

# CHALLENGE & ADVENTURE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

### 8 Support costs

	Support costs	Governance costs	2020	2018	Basis of allocation
	£	£	£	£	
Depreciation	-	-	-	5,772	Actual
Insurance	6,196	-	6,196	8,158	Staff time
Telephone/internet	607	-	607	1,039	Staff time
Repairs	52	-	52	1,460	Actual
Printing and stationery	780	-	780	872	Actual
Rent and utilities	7,526	-	7,526	13,924	Staff time
Training costs	(30)	-	(30)	2,975	Actual
Sundry expenses	671	-	671	2,020	Actual
Legal and professional	-	-	-	954	Actual
Computer expenses	224	-	224	450	Staff time
Accountancy	-	1,440	1,440	1,200	Actual
Legal and professional	-	149	149	-	Actual
Consultancy	-	1,568	1,568	3,602	Actual
	<u>16,026</u>	<u>3,157</u>	<u>19,183</u>	<u>42,426</u>	
Analysed between					
Fundraising	4,006	581	4,587	5,667	
Charitable activities	12,020	2,576	14,596	36,759	
	<u>16,026</u>	<u>3,157</u>	<u>19,183</u>	<u>42,426</u>	

Governance costs includes payments for the independent examination of £1,440 (2018- £1,200).

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the period.

# CHALLENGE & ADVENTURE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

### 10 Employees

#### Number of employees

The average monthly number of employees during the period was:

	2020 Number	2018 Number
	2	4
	<u>2</u>	<u>4</u>
<b>Employment costs</b>	<b>2020</b>	<b>2018</b>
	£	£
Wages and salaries	32,393	69,587
Social security costs	1,405	2,607
Other pension costs	-	820
	<u>33,798</u>	<u>73,014</u>

### 11 Debtors

	2020 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	-	21,552
Assets held for transfer to other charities or resale	8,098	16,088
Prepayments and accrued income	-	448
	<u>8,098</u>	<u>38,088</u>

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

	2020 £	2018 £
Other taxation and social security	-	1,135
Trade creditors	-	4,319
Accruals and deferred income	-	1,000
	<u>-</u>	<u>6,454</u>

### 13 Retirement benefit schemes

#### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £- (2018 - £820).

### 14 Operating lease commitments

# CHALLENGE & ADVENTURE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2020

### 14 Operating lease commitments

(Continued)

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of the Parkhurst Forest property, which fall due as follows:

	2020 £	2018 £
Within one year	8,000	8,000
Between two and five years	-	8,000
	<u>8,000</u>	<u>16,000</u>

### 15 Related party transactions

There were no disclosable related party transactions during the period (2018 - none).