

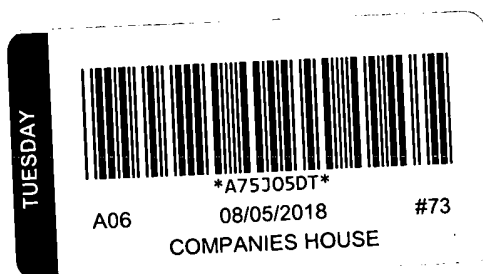
**Challenger Multi Academy Trust  
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements  
Year ended 31 August 2017**

Company Registration Number:  
09270040 (England and Wales)



**challengermultiacademytrust**



# **Challenger Multi Academy Trust**

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## **Challenger Multi Academy Trust**

### **Reference and Administrative Details**

<b>Members</b>	Charles Rigby Martin Smout The Challenger Trust Jeremy Parrish (appointed 28 February 2017) Katherine Gardiner (appointed 8 July 2017)
<b>Trustees</b>	Martin Smout Charles Rigby Peter Knell Stephen Chamberlain Andrew Johnston (appointed 28 February 2017; resigned 6 December 2017) Sally Dicketts (appointed 8 July 2017) Andrew Urbanek (appointed 1 November 2017)
<b>Senior Management Team</b> <ul style="list-style-type: none"><li>▪ Chief Executive Officer</li><li>▪ Chief Operating and Finance Officer</li></ul>	Stephen Chamberlain Andy Collings
<b>Company Name</b>	Challenger Multi-Academy Trust
<b>Principal and Registered Office</b>	Kempston Challenger Academy Hill Rise Kempston Bedford MK42 7EB
<b>Company Registration Number</b>	09270040
<b>Independent Auditor</b>	Crowe Clark Whitehill LLP St Brides House Salisbury Square London EC4Y 8EH
<b>Bankers</b>	Lloyds Bank PLC Chepstow Branch 7 Manor Way Chepstow Monmouthshire NP16 5HZ
<b>Solicitors</b>	Veale Wasbrough Vizards LLP Orchard Court Orchard Lane Bristol BS1 5WS

# THE CHALLENGER MULTI ACADEMY TRUST

## Trustees' report

### DIRECTORS' REPORT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

During the year, the Trust operated six schools across Bedfordshire and Essex:

- Lancot School ('LC'), based in Dunstable in Bedfordshire, which converted as a fast track academy on 1<sup>st</sup> September 2015, when it joined the Trust. Prior to this, the school had been judged by Ofsted to have 'Serious Weaknesses'.
- Kempston Challenger Academy ('KCA'), based in Kempston, opened in September 2016 as a merger of the Robert Bruce Middle School ('RBMS') and the Hastingsbury Business and Enterprise College ('HBEC'), which were individually acquired in November 2015 and were also based in Kempston. KCA is located on the previous HBEC site. In academic year 2016-17, KCA had pupils from Year 5 to Year 13, with Year 5 closing at the end of the year as it transitions towards a secondary only provision. This transition will be complete by September 2018. RBMS converted to an academy on 1<sup>st</sup> November 2015 and joined the Trust as a sponsored academy having recently emerged from an Ofsted category of concern. HBEC converted as a fast track academy on 1 November 2015, when it joined the Trust.
- Daubeney Academy ('DA'), also based in Kempston, joined on 1 September 2016 as an existing academy with a 'Good' Ofsted rating from May 2016. The Trust assisted DA with its Ofsted preparation, with DA having previously been assessed as 'requires improvement'.
- The Deanes School ('TD'), based in Thundersley, near Southend in Essex, joined in October 2016 as a sponsored academy. It had historically been at significant risk of closure with strong local competition and a 'Requires Improvement' Ofsted rating. TD caters for 11-16 year olds.
- Hadleigh Junior School ('HJS'), based in Hadleigh, near Southend has pupils aged from 7-11 and joined as an existing academy in March 2017. It joined as a 'coasting' school, considered at risk of moving from the 'Good' Ofsted inspection obtained in December 2013 to a 'requires improvement'.
- The Westborough School ('TWS') which is based in Southend, Essex and has pupils from age 3-11, joined as an existing academy in July 2017. It also joined as a 'coasting' school.
- In addition, the Trust currently continues to hold the empty RBMS site and buildings and is currently working with another trust on a bid to establish a Special Free School on the site as part of a joint collaboration.

The Trust's academies had a combined pupil roll of 3,363 in the Summer 2017 Term's school census, including TWS, which joined on 1 July 2017. Excluding TWS, the Trust had 2,741 pupils in the census.

The financial statements have been prepared in accordance with the accounting policies on page 29 of this document, and comply with the charitable company's Articles of Association, the Academies Accounts Direction issued by the ESFA, the Companies Act 2006 and Charities SORP (FRS102). The financial results for the Trust presented in these accounts

for the year to 31 August 2017 and the financial position at 31 August 2017 only include the central trust activities and the individual academies.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Challenger Multi Academy Trust (the 'Trust') is a company limited by guarantee, incorporated on 17 October 2014, with no share capital (registration no. 9270040) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi-academy trust. The trustees of The Challenger Multi Academy Trust are also the directors of the charitable company for the purposes of company law.

Details of the trustees who were in office at 31 August 2017 and who served during the year are included in the Reference and Administration Details on page 1.

### **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/they are members, or within one year after he/she/they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she/they cease to be a member.

### **Directors' Indemnities**

The Directors are directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation.

Directors of the company are covered by the Trust's insurance policy under their Trustees indemnity policy.

### **Method of Recruitment and Appointment or Election of Trustees**

The members of the Trust are: the subscribers to the Memorandum and Articles of Association of the Trust. The trustees include up to 4 persons who may be appointed as trustees by the Trust; the chairman of Directors; and any additional members as set out in article 16. Any potential new trustees are interviewed by the Chief Executive of the Trust, to ensure suitability and relevant experience relevant to the interests of the Trust. The term of office is 4 years and thereafter they may be re-appointed.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

An induction programme is in place for new Directors which enables them to gain an understanding of the ethos, values and strategic direction of the Trust, as well as the responsibilities of charity trustees. Directors are also required to visit the academies and participate in governance training programmes.

## **Organisational Structure**

The Trust Board meets on a regular basis throughout the year and receives regular reports from the Chief Executive and Chief Operating and Finance Officer.

The Finance, Audit and Risk Committee was formed in November 2016 and met three times during the financial year. Resources are considered as part of the main board agenda items.

As the Trust continues to grow, the Board has in place a development plan for increasing infrastructure. In August 2016, the Trust formed a Standards Committee, comprised of the Chief Executive and Diana Osagie, an experienced headteacher and Ofsted Lead Inspector and Caroline Pardy, an Ofsted trained Lead Inspector. Since then, the Standards Committee has grown to include Sally Dicketts CBE, Chief Executive of Activate Learning as the chair. Sally is also a CMAT Trustee.

The Trust has had an Executive Education Committee in place from September 2015 that meets on a half termly basis. From January 2017, this has been extended to comprise the Chief Executive, Chief Operating and Finance Officer, Senior Project Manager, Director of Teaching & Leadership, Learning and Teaching, Director of Education, the Head of the CEO's Office and Principals from each of the academies. This group is the CMAT hub group for Challenge Partners of which the Chief Executive is a Senior Partner.

The processes for decision making are set out in our Scheme of Delegation at four levels: Accountable, Responsible, Consulted, Informed (ARCI Framework) and are set against obligations set out in the Articles of Association, the Master Funding Agreement, the overall Scheme of Delegation and the Academies Financial Handbook. The Directors are responsible for making major decisions about the strategic direction of the Trust ensuring that its aims are met and its ethos is maintained.

The Executive is made up of the members listed on page 1. It is responsible for implementing the policies laid down by the Directors and reporting back to them.

Each academy has its own Local Governing Body as set out in the Memorandum and Articles of Association and their accountabilities/responsibilities are set out in the ARCI framework. They act as a critical friend to the headteacher and senior leaders and are responsible for monitoring, challenging and supporting them in raising standards in areas at the academy. They also act as a sounding board at local level as advocates for both parents/carers and the community served by the academy.

The Board aspires to be outstanding in all aspects of its conduct and performance. Since our last report, further steps have been taken as the MAT expands in order to reach this standard across all areas of its responsibility including:

- Development of integrated and inclusive mechanisms across the Trust and in our academies for strategic, educational, business and financial planning.
- Strengthening of governance structures between the Board and local governing bodies through the implementation of a cohesive and effective model of governance and enables the trust's educational, business and financial plans to be effective.
- Identification, management and monitoring the risks that go with the growth in the number of schools joining the Trust as well as increased numbers of staff and

pupils/students - be these risk financial, governance, educational, health and safety or personnel related.

The trust has a Lead Officer for Governance and Policy Development, who is responsible with the Chief Executive for leading the work of LGB (Local Governing Body) clerks for each academy ensuring that the trust's Key Performance Indicators and mission, vision and values are reflected in the setting of agenda items etc. An annual work plan for each LGB has been created and there are half termly meetings for Academy Chairs, Vice Chairs and Principals with the Chief Executive and Officers in each regional hub. Training for governors is also organised and delivered as part of the governance and policy development strand and delivered by a range of practitioners. The Chief Executive is a DfE/National College designated National Leader of Governance.

#### **Related Parties and other Connected Charities and Organisations**

During the year, the Trust has continued to work with Contour Education Services, a connected organisation, in the pursuit of its charitable activities. The trustees have taken appropriate steps to ensure compliance with the ESFA Academies Financial Handbook, namely, ensuring that

- The Trust pays no more than cost for the services;
- The services represent best value to the Trust; and
- Adequate documentation is retained to demonstrate that the services have been procured through an open and fair process.

Full details of the transactions are disclosed in note 25 to these financial statements.

#### **Arrangements for setting pay and remuneration for key management personnel**

Trustees do not receive any remuneration for their role.

The pay of Key Management Personnel noted on page 1 (Executive Group) is determined by the Board. The levels of pay are assessed in accordance with the prevailing market rates.

## **OBJECTIVES AND ACTIVITIES**

### **Objects, Aims and Objectives**

The principle object and activity of the charitable company is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on and developing an academy offering a broad curriculum.

### **Objectives, Strategies and Activities**

The main objectives of the Trust during the year ended 31<sup>st</sup> August 2017 are summarised below. The Trust's main strategy is encompassed in its mission statement which is:

**Mission:** Our mission is to create a family of outstanding schools where every young person has the opportunity to participate in engaging and active learning experiences that prepare them for the future and helps them aspire to achieve excellent educational outcomes.

**Vision:** For all members of our community to embrace challenges in developing their learning and expect excellence from themselves, each other, their schools and communities.

### **Values**

- Leadership
- Service
- Creativity
- Aspiration
- Excellence

### **What we create:**

- Successful learners, always with an eye on personal improvement.
- Effective contributors, with a clear vision of the future and their contribution to it.
- Confident individuals, able to face change and challenge with good character and optimism.
- Responsible citizens –always willing to take and make opportunities for development

### **What makes us different:**

- A focus on & commitment to 'Learning Outside the Classroom'.
- The development and measurement of Leadership & Character as part of the 'Challenger Diploma'.

### **Our Approach**

#### **School Improvement**

The Trust has four Key Indicators of Performance (KPIs) under pinned by a range of objectives. The four KPIs are:

- KPI 1: Ensure the best possible educational outcomes at academies within the trust.  
KPI 2: Develop the quality of leadership, learning & teaching within the trust.



KPI 3: Develop the Challenger Diploma to promote leadership, and the behaviour, safety & well-being of our learners.

KPI 4: Grow the size of the trust in line with the CMAT strategic plan

All our academies will work within our ethos and values using self-evaluation and review supported by a bespoke team of educational professionals and partnerships to assure the governors and the Trust that each academy is operating effectively.

Our school improvement strategy has six key strands;

1. Effective Leadership and Governance
2. High Quality Teaching and Learning
3. Supportive and Engaging Learning Environments
4. Curriculum for the Future
5. Community Engagement
6. The Challenger Diploma

These are linked to the four KPIs and the trust uses a fourteen point CMAT Success Framework to evaluate the impact of the trust's work in these areas: They are:

1. Overall pupil progress
2. Your vision and values
3. Governance
4. Accountability
5. Managing risk
6. School improvement strategy
7. Quality Assurance and consistency
8. School to school support
9. Making a wider commitment
10. Workforce supply and development.
11. The role of the Centre
12. Growth strategy
13. Financial Strategy and Control
14. Communications

### **Public Benefit**

In setting the Trust's objectives and planning its activities, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit. The principal activity of the Trust is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, operating and developing schools offering a broad and balanced curriculum.

## STRATEGIC REPORT

### ACHIEVEMENTS AND PERFORMANCE

The trust has seen significant achievements this year in both outcomes and opportunities for young people.

Across all academies within the trust:

#### Primary

- ✓ GLD ('Good Level of Development') increased by 2%
- ✓ Year 1 phonics increased by 11%, 87% CMAT (+5.7% National)
- ✓ KS1 Reading @ expected increased by 6%, GD ('Good Development') by 9%
- ✓ KS1 Writing @ expected increased by 25%, GD by 26%
- ✓ KS1 Maths @ expected increased by 17%, GD by 12%
- ✓ 80% of our academies improved upon the key accountability measure of KS2 RWM. Collectively, this has increased by 10% and this is greater than the national increase of 7%
- ✓ Reading KS2 results have increased by 10% (*this is greater than the national increase of 5%*)
- ✓ Maths KS2 results have increased by 11% (*this is greater than the national increase of 5%*)
- ✓ Disadvantaged pupils across CMAT are achieving outcomes closer to their non-disadvantaged peers and the proportion of disadvantaged pupils attaining a higher standard in Reading and Mathematics is slightly above average. The combined attainment gap in 2015-16 was 3 percentage points higher than it is now in 2016-17
- ✓ CMAT gap for children with SEN support is less than the national gap in all areas and for children with a statement or EHC, the gaps are lower than national in the majority of instances
- ✓ The proportion of pupils attaining the higher standard has increased by 5% in both Reading and Mathematics. (*8 pupils attained the highest mark possible in Mathematics and 1 other pupil attained the highest mark possible in Reading*)
- ✓ Attendance for ALL primaries is at or above national for overall attendance

#### Secondary

- ✓ The educational standard measurement of Progress 8 showed a result of -0.64 (*From FFT 2017 for KCA and The Deanes, 249 pupils*). The results are well below national due to the curriculum models at both academies that were inherited by CMAT. A new model is in place to ensure that the curriculum and therefore outcomes in 2018 are in line with Attainment 8 and Progress 8 measures and The Deanes has shown a rising three-year trend on this measure, as well as a 10% increase in English and Maths outcomes from 2016.
- ✓ Average Entries per pupil @KS4 = 9.8 (*Above average*)
- ✓ Gaps for Disadvantaged pupils in CMAT Academies are closer to their non-disadvantaged peers
- ✓ KS5 outcomes show improvements in progress and proportion of pupils who did re-sits in GCSE, English or Maths is above average

The Chief Executive, supported by Challenger Partners, has established a team of Directors, school improvement specialists and Local and National leaders of Education, to ensure the academies make rapid progress towards 'good and 'outstanding' judgements. The Trust establishes initial baseline assessments for academies who join the Trust and puts in place a programme of planned improvement and strategies within the academy improvement plans to raise standards and improve outcomes.

### **Key Performance Indicators**

As schools converted to academies with the Trust at the start or partway through the academic year, the primary focus for the education team was to undertake comprehensive educational due diligence, establish priorities for improvement and develop rapid attainment and improvement plans, in order to raise standards. This has resulted in changes to leadership or required additional leadership support in order to stabilise the academies and accelerate improvements. Results in 2016/17 in some areas were below national expectations as the predecessor schools had not prepared adequately for converting from a lower to a primary provision (Lancot) and the rigour needed for the new Key Stage 2 tests or provided a curriculum compliant with the new Progress 8 accountability measures (The Deanes/Kempston Challenger Academy). Effective action has been taken by the trust to address these issues and recent evaluations and external quality assurance reviews by Ofsted Inspectors, Challenge Partners and the DfE shows that the academies are making rapid improvements and the trust has good capacity to secure improvements. The trust's Head of Standards and the CEO provide regular updates on progress at the monthly board meetings.

The trustees continue to develop the Key Performance Indicators of the Trust. Educational standards are challenging but realistic targets have been established and agreed at each of the academies. Broad KPIs for 2017/18 are:

- 75% of Early Years Foundation Stage children achieve a good level of development.
- 60% of pupils meet national Key Stage 2 expectations in reading, writing and maths.
- 50% of pupils achieve 9-4 grades in English and Maths GCSE.
- Secondary academies average a Progress 8 score of at least between -0.25- +0.25.
- Positive Post-16 value added in all secondary academies.
- Outcomes demonstrate that gaps in achievement and progress for Pupil Premium, SEND and other vulnerable groups are closing rapidly.
- 100% of pupils and students are engaged in activities that count towards achieving the Challenger Diploma at various levels.

The trust has developed a number of significant educational opportunities for children and young people at our academies. Notable successes this year have included:

1. The development of the Challenger Diploma at all our academies linked into individual rewards programmes such as the 'Shields' programme at KCA and the Daubeney 'Colours' awards for character education. Lancot Academy received a visit from former Minister of State, Lord Nash to see the diploma activities and the financial entrepreneurship programme being delivered at primary level and from Secretary of State for Education, Nicky Morgan, MP to see the success of the Daubeney 'Colours' programme and attend a workshop on 'Character and Self-Esteem' linked to mental health and well-being delivered in partnership with the Icarus Trust.

2. The CMAT Expeditions programme saw three cross-academy leadership expedition programmes to France, Italy and the Himalayas where children undertook individual and group leadership challenges in skiing, dig mushing, abseiling, white-water rafting, bushcraft and a trek across the Himalayas.

The Himalayas trip saw Year 11 students from The Deanes in Essex and sixth form students from Kempston Challenger Academy, Bedford joined by students from Shrewsbury Independent Schools undertake a two week expedition to India and including not only the trek across the Himalayas and visits to iconic world heritage sites such as the Taj Mahal but also visits to local villages and orphanages as part of the leadership and service challenge. Evaluations show that all these trips have had a significant impact on the future aspirations of all the participating students.

3. The Trust have introduced a Leadership Programme for students from Year 5-13 that is accredited by the Chartered Management Institute (CMI), ASDAN and World Leadership Academy. Upon completion in the sixth form, students can achieve the 'CMI Award in Team Leading' (Year 12) and the 'CMI Award in First Line Management' which leads toward Chartered Manager status with CMI.
4. The Trust has been innovative in supporting new approaches to the curriculum, especially in the development of reading and writing in primary schools. At Lancot Challenger Academy the recent 'Shelved' project saw every child in the academy write a book for the new Lancot Digital Library. The launch of the digital library took place in the local theatre with over 400 parents attending to hear pupils read extracts from their books, which are all published on line and will be available in hard copy from the town library. The books will also be available to parents and children at all other CMAT academies to encourage reading at home and creativity in developing children as authors. The event was supported by the Challenger Trust and Pearsons.

## **Going Concern**

After making appropriate enquiries, the trustees have a reasonable expectation that the Trust has adequate resources to continue its operational existence for the foreseeable future. Although the General Annual GAG reserve is currently in deficit, the Trust has secured Advance GAG funding in October of £500,000 to remedy this situation. The Trust has agreed an advance with the ESFA of £650,000, £500,000 of which was drawn down in October 2017. Repayment for this facility does not start until December 2018. The Trust have produced a 'base case' and 'low case' cash flow analysis to August 2020 to support the Advance GAG process and these will be updated monthly for the ESFA. The low case includes assumptions of a slower school acquisition process and reduced grant income in particular. These analyses indicate that the repayments can be made in both cases. In addition, the combination of the restricted reserves (excluding the pension reserve) and the unrestricted reserves remains in surplus. For these reasons, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the going concern basis can be found in the Statement of Accounting Policies.

## **FINANCIAL REVIEW**

### **Financial report for the year**

The Trust's total incoming resources for the year to 31 August 2017 amounted to £40,711,575 - largely relating to acquisitions, ESFA and other authority pupil funding and

grant funding for school improvement, start-up and environmental improvement. The Trust held fund balances of £44,420,675 at 31 August 2017. Full results for the year are shown on page 26.

When considering the Trust's underlying revenue reserves position at 31 August 2017, removing the impact of movements in pension liabilities, which do not require full settlement in the short term, and fixed assets held by the Trust, the Trust held revenue reserves of £337,846 at 31 August 2017 (2016: £455,444).

<b>Underlying Reserves table</b>		
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Total Reserves	44,420,675	22,170,042
Less: fixed asset restricted fund	(50,071,828)	(24,867,598)
Add: Pension reserve deficit	5,988,999	3,153,000
<b>Total revenue reserves exc pension</b>	<b>337,846</b>	<b>455,444</b>
Being:		
Restricted revenue reserves	(92,163)	267,284
Unrestricted revenue reserves	430,009	188,181
<b>Total</b>	<b>337,846</b>	<b>455,444</b>

## **Reserves Policy**

The Trust is largely funded by grants from the Department for Education, the use of which is regulated by its Funding Agreement. The Trust's total reserves of £44,420,675 comprise unrestricted revenue funds of £430,009, a restricted revenue fund deficit of £92,163, a restricted fixed asset fund of £50,071,828 and a pension deficit reserve of £5,988,999 at 31 August 2017. The Trust is still in the early stages of development and continues to build reserves. The Directors are working towards developing a formal reserves policy for the Trust in order to provide sufficient working capital to cover delays between spending and receipt of funding and to provide resources to deal with unexpected emergencies. Our aim is to hold free reserves equating to 3 months of central Trust expenditure, based on the central Trust budget in place for that academic year. Central Trust reserves are then available for supporting existing academy deficits and unexpected cash flow requirements at the academies and within the central Trust. Alongside this, the Trust have secured Advance GAG funding of £500,000 to date, with an option to draw down an additional £150,000 and continues to adopt the approach of reducing and removing acquired structural deficits at academies in a short timeframe post acquisition. Currently, free reserves do not represent the targeted level of 3 months, largely as a result of the early stage development of the Trust. However, with the anticipated growth in the number of academies in the Trust during the next phase of our growth we are targeting reaching this level of free reserves in the next 2 financial years.

The local government pension scheme liabilities are recognised in the accounts as a significant deficit within restricted funds. However, this does not mean there is an immediate liability for the total amount, rather the balance reflects the potential for increases in employer contributions in future years.

### **Investment Policy**

The trustees are working towards developing an investment policy which will enable the Trust to make good use of surplus funds, whilst maintaining adequate account balances to meet cash flow fluctuations. The principal consideration is the minimisation of risk.

### **Principal Risks and Uncertainties**

The Trust's principal risks have been identified and a risk register developed to mitigate these risks. The Finance, Risk and Audit Committee review the risk register on a regular basis.

The Trust continues to develop and embed the system of internal controls, including financial, operational and risk management designed to protect the assets and reputation of its academies and to assess new academies joining the Trust.

The key risks identified at present are as follows:

- **Safeguarding** – the Executive Senior Management and the Trustees are very focussed on the importance of safeguarding. The Trust operates carefully controlled processes in relation to staff selection, child protection training and policies, health and safety and discipline. We continue to regularly review these aspects at each of our academies and hold safeguarding audits where deemed necessary via an accredited external body. The Trust is reviewing when to commence a programme of additional health and safety reviews at its academies, with a view to implementing the British Safety Council 5\* programme at an appropriate stage of the Trust's development. During 2016-17 we have installed additional fencing at KCA and LC to increase security and we are reviewing the potential addition of further security fencing at some sites to enhance safeguarding.
- **Financial stability and growth** – whilst the trustees consider that the Trust remains a going concern, to maintain the preferred level of educational and school improvement support for its academies, the Trust will need to continue to grow in terms of pupil numbers and acquisitions. This will increase the available economies of scale and provide access to additional funding. The Trust continues to seek acquisitions to grow the number of academies in the MAT and remains focussed on growth at its existing academies. The Trust is expanding its operations to cover additional sites and additional provision and is conscious of the need to maintain a strong focus on its core standards and to continue to develop educational standards. This risk is mitigated in several ways, including the development of a well-defined expansion plan with clear objectives and responsibilities and ensuring appropriate management and delivery resources are in place when required.
- **Reputational risk** – with the current early stage development of the MAT and with an increasing level of competition in its current markets, reputation is a key factor in the future success of the MAT. Safeguarding, quality of service and results and parental and pupil feedback are very important parts of this reputation. Adverse publicity is likely to impact the rate of growth of the Trust in terms of pupil numbers, acquiring further academies and financial performance.

## **PLANS FOR FUTURE YEARS**

On 1 November 2017, Springfield Primary School ('SPS'), based in Kempston, joined the Trust. SPS is a lower school transitioning to a junior school and currently has pupils from the ages of 5-10. This will increase to an age range of 5-11 from September 2018. Further acquisitions are planned, with the underlying plan to grow to ten academies by the end of the calendar year 2018.

## **AUDITOR**

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating the Strategic Report, was approved by the trustees on 22 December 2017 and signed for and on their behalf by:



**Martin Smout**  
**Chair of Board**

## **Governance Statement**

### **Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that The Challenger Multi Academy 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 has delegated the day-to-day responsibility to the Chief Executive, 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 Challenger Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' responsibilities.

The Board has formally met 11 times during the year in full session. Attendance during the year at meetings of the Board was as follows:

<b>Director</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Charles Rigby	11	11
Martin Smout	11	11
Peter Knell	6	11
Stephen Chamberlain	11	11
Andrew Johnson	5	5

### **Governance review**

The Board continues to assess the skill set of its existing Trustees and the need to increase the number of Trustees to ensure the right balance of skills and experience are in place to sustain the planned growth. Part of this evaluation includes regular assessment of training needs for Trustees and the addition of sub-committees as the Trust expands.



## Other Committees

In November 2016, a Finance, Risk and Audit Committee ('FRAC') was formed and met three times during 2016-17.

The FRAC's responsibilities cover:

- Internal control and risk management
- Compliance, whistleblowing and fraud
- Policy review
- Internal audit
- External audit and statutory financial reporting
- Monitoring and review
- Budget
- Treasury
- Governance and regulation

Director	Meetings attended	Out of a possible
Charles Rigby	1	3
Martin Smout	3	3
Peter Knell	2	3
Stephen Chamberlain	3	3

## Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to 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 benchmarking data where available. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Using an approved Curriculum Led Financial Planning Tool to keep staffing structures under review and deploy staff efficiently to support an improved curriculum, or to target areas of the curriculum in need of development;
- Focusing on individual pupils: managing the differing needs of pupils, such as those requiring one to one support, and those requiring more stretch and challenge;

- Engaging with other educational providers and experts to share delivery or good practice, and to drive up standards for the least cost developing shared services across the Trust;
- Exploring possibilities to develop the Challenger Diploma model across all Challenger academies;
- Developing a single reporting model for financial governance the Trust and individual academies that allows strong oversight by the trustees and Accounting Officer;
- Appraising and negotiating services and contracts to get the best mix of quality and effectiveness for the least cost such as ICT and HR and benchmarking these where appropriate;
- Running Cluster or Trust wide tender processes where appropriate to reduce overall costs;
- Taken opportunities to work collaboratively with others to reduce and share administration and procurement costs and to explore where staffing across academies can reduce costs and achieve economies of scale; and
- Reviewing controls and managing risks: employing an experienced Chief Operating and Finance Officer to further develop the Trust's systems and operations.

### **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 Trust for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

## **Capacity to Handle Risk**

The Trustees have 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 governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is reviewed in detail once a year by the Trustees.

## **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and regular financial reports which are reviewed and agreed by the Accounting Officer and the governing body;
- regular reviews by the Finance, Risk and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have approved Responsible Officer reviews by one Trust-wide provider at each of its academies, starting from early 2018, with a specifically agreed scope and program to ensure key risk and processes are reviewed in further depth on a rotational basis.

The Responsible Officer will report to the Finance, Risk and Audit Committee, who in turn will report key findings and any consequential steps taken to the main Board.

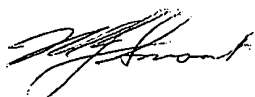
## **Review of Effectiveness**

As Accounting Officer, the Chief Executive 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 Chief Operating and Finance Officer, who was appointed in September 2016 as a contractor to continue the efficient growth of the Trust's central resources and further enhance the internal control framework;
- the work of the external auditor;

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

Approved by order of the members of the governing body on 22 December 2017 and signed on its behalf by:



**Martin Smout**  
**Chair of CMAT Board**



**Stephen Chamberlain**  
**Chief Executive/Accounting Officer**

## **Statement on Regularity, Propriety and Compliance**

As Accounting Officer of The Challenger Multi Academy Trust, I have considered my responsibility to notify the Academy Trust Directors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 Directors and the ESFA.



**Stephen Chamberlain**  
**Accounting Officer**

22 December 2017

## Statement of Trustees' Responsibilities

The Directors (who act as trustees for charitable activities of The Challenger Multi Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the directors' report and the financial statements in accordance with the Annual 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 directors to prepare financial statements for each financial year. Under company law the directors 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 year. In preparing these financial statements, the directors are required to:

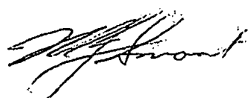
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The directors 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. The directors 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 directors 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 the ESFA/DfE have been applied for the purposes intended.

The directors 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 governing body on 22 December 2017 and signed on its behalf by:



**Martin Smout**  
**Chair of CMAT Board**

## **Independent Auditor's Report to the Members of The Challenger Multi Academy Trust**

We have audited the financial statements of Challenger Multi Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities (incorporating income and expenditure account) Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Academies' Accounts Direction 2016 to 2017 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to

continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



## **Responsibilities of trustees**

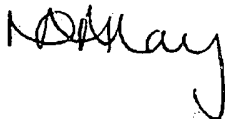
As explained more fully in the trustees' responsibilities statement set out on page 20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Nicola May

Senior Statutory Auditor

For and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

London

Date: 22 December 2017

## **Independent Reporting Accountant's Assurance Report on Regularity to The Board of Challenger Multi Academy Trust and the Education Funding Agency for the year ended 31 August 2017**

In accordance with the terms of our engagement letter dated 20 January 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies: Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the Challenger Multi Academy Trust during the period 1 September 2016 to 31 August 2017 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 the governing body and the ESFA in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Challenger Multi Academy Trust and the 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 the governing body and the ESFA, for our review work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Challenger Multi Academy Trust's funding agreement with the Secretary of State of Education dated 26 August 2015 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of the academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Crowe Clark Whitehill LLP*

**Crowe Clark Whitehill LLP**

Statutory Auditor

London

**Date: 22 December 2017**

# Challenger Multi Academy Trust

## Statement of Financial Activities for the year ended 31 August 2017 (including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	Note	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	3	54,936	-	-	54,936	12,409
Transfer from local authority on conversion	26	95,942	590,583	25,728,000	26,414,525	25,420,362
<b>Charitable activities:</b>						
Funding for the academy trust's educational operations	4	-	13,251,425	-	13,251,425	6,763,317
Other trading activities	5	989,667	-	-	989,667	164,537
Investments	6	1,022	-	-	1,022	515
<b>Total</b>		<b>1,141,567</b>	<b>13,842,008</b>	<b>25,728,000</b>	<b>40,711,575</b>	<b>32,361,140</b>
<b>Expenditure on:</b>						
Raising funds	7	-	-	-	-	-
<b>Charitable activities:</b>						
Academy trust educational operations	7, 8	899,718	14,728,788	523,770	16,152,276	7,352,651
Transfer from local authority on conversion	26	-	3,143,333	-	3,143,333	2,076,000
Other					-	-
<b>Total</b>		<b>899,718</b>	<b>17,872,121</b>	<b>523,770</b>	<b>19,295,609</b>	<b>9,428,651</b>
<b>Net income / (expenditure)</b>		<b>241,849</b>	<b>(4,030,113)</b>	<b>25,204,230</b>	<b>21,415,966</b>	<b>22,932,489</b>
<b>Transfers between funds</b>	16	-	-	-	-	-
<b>Other recognised gains / (losses):</b>						
Actuarial (losses) / gains on defined benefit pension schemes	24	-	834,667	-	834,667	(995,000)
<b>Net movement in funds</b>		<b>241,849</b>	<b>(3,195,446)</b>	<b>25,204,230</b>	<b>22,250,633</b>	<b>21,937,489</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		188,160	(2,885,716)	24,867,598	22,170,042	232,553
<b>Total funds carried forward</b>		<b>430,009</b>	<b>(6,081,162)</b>	<b>50,071,828</b>	<b>44,420,675</b>	<b>22,170,042</b>

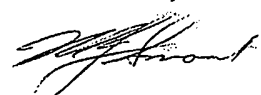
All activities derive from continuing operations during the above two financial periods.

# Challenger Multi Academy Trust

## Balance Sheet as at 31 August 2017

	Notes	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Tangible assets	12		50,255,539		24,867,598
<b>Current assets</b>					
Debtors	14	541,468		232,567	
Stocks	13	-		-	
Cash at bank and in hand		908,647		667,155	
		<u>1,450,115</u>		<u>899,722</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	(1,295,980)		(444,278)	
<b>Net current assets</b>			<u>154,135</u>		<u>455,444</u>
<b>Total assets less current liabilities</b>			50,409,674		25,323,042
<b>Net assets excluding pension liability</b>			<u>50,409,674</u>		<u>25,323,042</u>
Defined benefit pension scheme liability	24	(5,988,999)		(3,153,000)	
<b>Total assets</b>			<u>44,420,675</u>		<u>22,170,042</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
. Fixed asset fund	16	50,071,828		24,867,598	
. Restricted income fund	16	(92,163)		267,284	
. Pension reserve	16	(5,988,999)		(3,153,000)	
<b>Total restricted funds</b>			43,990,666		21,981,882
<b>Unrestricted income funds</b>	16		430,009		188,160
<b>Total funds</b>			<u>44,420,675</u>		<u>22,170,042</u>

These financial statements were approved by the trustees, and authorised for issue on 22 December 2017 and are signed on their behalf by:



**Martin Smout**  
Chair of Board

Company Number: 09270040

# Challenger Multi Academy Trust

## Statement of Cash Flows for the year ended 31 August 2017

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	20	424,180	414,818
<b>Cash flows from investing activities</b>	22	(182,689)	515
<b>Cash flows from financing activities</b>	21	-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<b>241,492</b>	<b>414,333</b>
<b>Cash and cash equivalents at 1 September 2016</b>		<b>667,155</b>	<b>251,822</b>
<b>Cash and cash equivalents at the 31 August 2017</b>	23	<b>908,647</b>	<b>667,155</b>

# **Challenger Multi-Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2017**

### **1. PRINCIPAL ACCOUNTING POLICIES**

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

#### **1.1 Basis of Preparation**

The financial statements of The Challenger Multi Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Challenger Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

#### **1.2 Going Concern**

As part of the governance process of the Trust, each Academy has regular financial reviews. Alongside the reviews of its school development plan. As part of this process the current and strategic longer-term plans of the Academy are considered formally and where necessary action is taken to ensure costs remain in line with future income projections.

Future General Annual Grant income from the Department for Education is guaranteed on a per pupil basis as part of the Trust's Funding Agreement.

The Directors, supported by the Executive Team, have considered the above factors alongside the current reserves position and consequently, the Directors believe that the Trust is well placed to manage its business risks successfully despite the current uncertain national economic outlook. The Directors have assessed 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 company to continue as a going concern. This assessment has been made in respect of a period of one year from the date of the approval of the financial statements. Thus, we believe the going concern basis of accounting in preparing these annual financial statements is appropriate.

#### **1.3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Trust's accounting policies, Directors are required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

# **Challenger Multi-Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – The Trust recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 24.
- Valuation of land and buildings – The Trust's land and buildings received on Conversion (new Academies joining the Trust) are stated at their estimated fair value based on professional valuations as disclosed in notes 12 and 26.

### **1.4 Income**

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

Grants receivable 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 year is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where the entitlement occurs before income is received, the income is accrued.

Sponsorship income provided to the Trust which amounts to a donation is recognised in the statement of financial activities in the year in which it is receivable.

General Annual Grant in particular is recognised in full in the year for which it is receivable and any unspent amount is reflected in the restricted fund. Any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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.

Donated Services and Gifts in Kind: The value of donated services and gifts in kind provided to the Trust is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Trust in the period in which they are receivable and where the benefit is both quantifiable and measurable. This is with the exception of where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's policies.

Other income, including the hire of facilities and the sale of goods and services, is recognised in the period it is receivable and to the extent that goods have been provided or on completion of the service.

Interest receivable is included within the statement of financial activities on a receivable basis.

### **1.5 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



# **Challenger Multi-Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

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.

Governance costs include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit costs and are all allocated against restricted revenue activities.

### *Expenditure on Raising Funds*

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

### *Charitable Activities*

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

All resources expended are inclusive of irrecoverable VAT.

## **1.6 Taxation**

The Challenger Multi Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2011 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2011 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

## **1.7 Fund Accounting**

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

Restricted funds comprise grants from the DfE and other donors which are to be used for specific purposes.

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

## **1.8 Tangible Fixed Assets**

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 the expected useful economic life.

The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet). The depreciation on such assets is charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets costing less than £5,000 are written off in the year of acquisition. All other assets are capitalised.

# **Challenger Multi-Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

### **1.9 Transfer of assets and liabilities on conversion**

The identifiable assets and liabilities and the operation of the schools that joined the Trust in the year were transferred for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below. The Assets and Liabilities transferred from Local Authorities and existing Academy Trusts to the Trust have been valued at their fair value as set out in note 26.

Their fair value is in accordance with the accounting policies set out for the Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 26.

### **1.10 Depreciation**

Depreciation is provided on a straight-line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful economic lives.

No depreciation is provided on freehold or leasehold land.

The principal annual depreciation rates used for other assets are:

Freehold and Leasehold Buildings	50 years
Furniture and Equipment	3 years
Computer Hardware	3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review of impairment of fixed assets 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 and charged to the Statement of Financial Activities.

### **1.11 Liabilities**

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

### **1.12 Financial instruments**

The Challenger Multi Academy Trust has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

At the balance sheet date, the Trust held financial assets at amortised cost of £1,245,361 (2016: £704,251) and financial liabilities at amortised cost of £1,146,127 (2016: £259,941).

# **Challenger Multi-Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

### **1.13 Provisions**

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

### **1.14 Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

### **1.15 Pensions Benefits**

Employees of the Trust are members of one of two pension schemes, both of which are defined benefit schemes; the Teachers' Pension Scheme and the Local Government Pension Scheme.

#### **1.16 Teachers' Pension Scheme**

Full-time and part-time teaching employees employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory contributory final salary scheme, is administered by Capita.

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 quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and contributions recognised as they are paid in each year.

#### **1.17 Local Government Pension Scheme**

Non-teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Company's share of assets and liabilities and the requirements of FRS 102, Section 28 have been followed.

The LGPS is a funded scheme and the assets are held separately from those in the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other

## **Challenger Multi-Academy Trust**

### **Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

The Trust's share of the LGPS assets is measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the Statement of Financial Activities.

#### **1.18 Agency Arrangements**

The Company acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Company does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid, and any balances held are disclosed in note 28.

# **Challenger Multi Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

## **2 Events after the end of the reporting period**

On 1 November 2017, Springfield Primary School ('SPS') joined the trust.

The trust has agreed an Advance GAG facility with the ESFA of £650,000, £500,000 of which was drawn down in October 2017. Repayment for this facility does not start until December 2018.

## **3 Donations and capital grants**

	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£	£	£	£
Donations	54,936	-	54,936	12,409
	<u>54,936</u>	<u>-</u>	<u>54,936</u>	<u>12,409</u>

## **4 Funding for the Academy Trust's Educational Operations**

	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£	£	£	£
<b>DfE / ESFA grants</b>				
. General Annual Grant (GAG)	-	8,297,134	8,297,134	5,408,562
. Start Up Grants	-	107,248	107,248	97,450
. Other DfE/ESFA grants	-	4,028,216	4,028,216	489,091
	<u>-</u>	<u>12,432,598</u>	<u>12,432,598</u>	<u>5,995,103</u>
<b>Other Government grants</b>				
. Local authority grants	-	818,827	818,827	768,214
	<u>-</u>	<u>818,827</u>	<u>818,827</u>	<u>768,214</u>
Other income from the academy trust's educational operations	-	-	-	-
	<u>-</u>	<u>13,251,425</u>	<u>13,251,425</u>	<u>6,763,317</u>

## **5 Other Trading activities**

	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£	£	£	£
Letting income	45,866	-	45,866	3,906
Catering income	109,707	-	109,707	17,423
School trips	102,190	-	102,190	10,012
Uniforms	5,970	-	5,970	153
Music	1,855	-	1,855	-
Other income	724,079	-	724,079	133,043
	<u>989,667</u>	<u>-</u>	<u>989,667</u>	<u>164,537</u>

Other income consists of: sales of other goods and services of £26,586 (2016: £25,698), Insurance claims of £20,958 (2016: £0), supply teacher insurance income of £3,650 (2015: £23,496), rates relief of £5,212 (2016: £77,235), sponsor income £5,054 (2016: £0), and other income of £662,619 (2016: £14,684).

## **6 Investment income**

	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£	£	£	£
Bank interest	1,022	-	1,022	515
	<u>1,022</u>	<u>-</u>	<u>1,022</u>	<u>515</u>

# **Challenger Multi Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

## **7 Expenditure**

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2017	2016
	£	£	£	£	£
Expenditure on raising funds				-	-
Academy's educational operations:					
. Direct costs	8,707,543	14,236	1,948,412	10,670,191	5,589,413
. Allocated support costs	2,866,497	1,326,586	1,289,001	5,482,085	1,763,238
	<b>11,574,040</b>	<b>1,340,822</b>	<b>3,237,414</b>	<b>16,152,276</b>	<b>7,352,651</b>

Net income/(expenditure) for the period includes:

	2017	2016
	£	£
Depreciation	523,770	283,542
Fees payable to auditor for:		
- audit	41,850	20,700
- other services	5,000	4,500

## **8 Charitable Activities**

	Total	Total
	2017	2016
	£	£
Direct costs – educational operations	10,670,191	5,589,413
Support costs – educational operations	5,482,085	1,763,238
	<b>16,152,276</b>	<b>7,352,651</b>

Analysis of support costs	Educational operations	Total	Total
		2017	2016
	£	£	£
Support staff costs	2,866,497	2,866,497	896,952
Technology costs	518,675	518,675	135,021
Premises costs	1,326,586	1,326,586	333,472
Other support costs	690,152	690,152	204,913
Governance costs	80,175	80,175	192,880
<b>Total support costs</b>	<b>5,482,085</b>	<b>5,482,085</b>	<b>1,763,238</b>

# **Challenger Multi Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

## **9 Staff**

### **9.a Staff costs**

Staff costs during the period were:

	Total 2017 £	Total 2016 £
Wages and salaries	8,601,732	3,801,267
Social security costs	753,899	469,376
Operating costs of defined benefit pension schemes	1,855,903	766,737
	<b>11,211,534</b>	<b>5,037,380</b>
Supply staff costs	362,506	293,433
Staff restructuring costs	57,362	179,292
	<b>11,631,402</b>	<b>472,725</b>
Staff restructuring costs comprise:		
Redundancy payments	57,362	124,381
Severance payments	48,167	54,911
Other restructuring costs	-	-
	<b>105,529</b>	<b>179,292</b>

### **9.b Non statutory/non contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £10,945, £10,000, £7,051, £6,171, £5,000, £4,000, £4,000 and £1,000 (2016: £7,526, £9,313, £7,977 and £30,095). These payments have arisen due to the merger of Robert Bruce Middle School and Hastingsbury Business and Enterprise College in the previous year as well as the Deanes School joining the trust. All paid within the year.

### **9.c Staff numbers**

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

	2017	2016
Teachers	120	71
Administration and support	191	160
Management	26	17
	<b>337</b>	<b>248</b>

# **Challenger Multi Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

## **9.d Higher paid staff**

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

	2017	2016
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£100,001 - £110,000	-	1
£130,001 - £140,000	1	-

## **9.e 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 employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £298,284 (2016: £221,901, now including employer's national insurance contributions).

## **10 Related Party Transactions - 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 Chief Executive Officer only receives remuneration in respect of the services he provides undertaking the roles of Chief Executive Officer under his contract of employment.

The value of trustees' remuneration and other benefits was as follows:

S Chamberlain (Chief Executive Officer)

Remuneration £135,000 - £140,000 (2016: £100,000 - £105,000)

Employer's pension contributions paid £20,000 - £25,000 (2016: £15,000 - £20,000)

During the period ended 31 August 2017, there were no travel or subsistence expenses reimbursed or paid directly to any trustees (2016: £15,310).

Other related party transactions involving the trustees are set out in note 25.

## **11 Trustees' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2017 was £1,877 (2016: £1,600). The cost of this insurance is included in the total insurance cost.



**Challenger Multi Academy Trust**  
**Notes to the Financial Statements for the year ended**  
**31 August 2017 (continued)**

**12 Tangible Fixed Assets**

	Freehold Land and Buildings	Long-leasehold Land and Buildings	Furniture and Equipment	Computer Hardware	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2016	19,807,940	5,343,200	-	-	25,151,140
Additions	25,728,000	-	128,357	55,354	25,911,711
Disposals	-	-	-	-	-
At 31 August 2017	<u>45,535,940</u>	<u>5,343,200</u>	<u>128,357</u>	<u>55,354</u>	<u>51,062,851</u>
<b>Depreciation</b>					
At 1 September 2016	226,634	56,908	-	-	283,542
Charged in year	453,691	56,908	9,289	3,882	523,770
Disposals	-	-	-	-	-
At 31 August 2017	<u>680,325</u>	<u>113,816</u>	<u>9,289</u>	<u>3,882</u>	<u>807,312</u>
<b>Net book values</b>					
At 31 August 2016	<u>19,581,306</u>	<u>5,286,292</u>	<u>-</u>	<u>-</u>	<u>24,867,598</u>
At 31 August 2017	<u>44,855,615</u>	<u>5,229,384</u>	<u>119,068</u>	<u>51,472</u>	<u>50,255,539</u>

The trust's transactions relating to land and buildings included the inheritance of land and buildings at four sites that joined the academy trust during the year. These are detailed in note 26 to the financial statements.

**13 Stocks**

	2017 £	2016 £
Uniform	-	-

**Challenger Multi Academy Trust**  
**Notes to the Financial Statements for the year ended**  
**31 August 2017 (continued)**

**14 Debtors**

	2017	2016
	£	£
Trade debtors	7,550	2,597
VAT recoverable	204,755	70,838
Other debtors	67,780	-
Prepayments and accrued income	261,383	159,132
	<b>541,468</b>	<b>232,566</b>

**15 Creditors: Amounts Falling due within one year**

	2017	2016
	£	£
Trade creditors	540,389	80,115
Other taxation and social security	332,503	184,336
Other creditors	269,148	22,390
Accruals and deferred income	153,940	157,437
	<b>1,295,980</b>	<b>444,278</b>

**Deferred income**

	2017	2016
	£	£
Deferred income at 1 September 2016	-	-
Released from previous years	-	-
Resources deferred in the year	53,762	-
Deferred Income at 31 August 2017	<b>53,762</b>	<b>-</b>

**Challenger Multi Academy Trust**  
**Notes to the Financial Statements for the year ended**  
**31 August 2017 (continued)**

**16 Funds**

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	430	8,297,134	(8,590,727)	-	(293,163)
Start Up Grant	97,450	107,248	(204,698)	-	-
Pupil Premium	-	882,903	(882,903)	-	-
Transfer on conversion	-	590,583	(590,583)	-	-
Other grants	169,404	3,964,140	(3,932,544)	-	201,000
Pension reserve	(3,153,000)	-	(3,670,666)	834,667	(5,988,999)
	<b>(2,885,716)</b>	<b>13,842,008</b>	<b>(17,872,121)</b>	<b>834,667</b>	<b>(6,081,162)</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	24,867,598	25,728,000	(523,770)	-	50,071,828
DfE/ESFA capital grants	-	-	-	-	-
Capital expenditure from GAG	-	-	-	-	-
Private sector capital sponsorship	-	-	-	-	-
	<b>24,867,598</b>	<b>25,728,000</b>	<b>(523,770)</b>	<b>-</b>	<b>50,071,828</b>
<b>Total restricted funds</b>	<b>21,981,882</b>	<b>39,570,008</b>	<b>(18,395,891)</b>	<b>834,667</b>	<b>43,990,666</b>
<b>Total unrestricted funds</b>	<b>188,160</b>	<b>1,141,567</b>	<b>(899,718)</b>	<b>-</b>	<b>430,009</b>
<b>Total funds</b>	<b>22,170,042</b>	<b>40,711,575</b>	<b>(19,295,608)</b>	<b>834,667</b>	<b>44,420,675</b>

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

General Annual Grant (GAG) must be used for the normal running costs of the Trust's academies. Although this reserve is currently in deficit, as described earlier in the accounts we secured Advance GAG funding of £650,000 of which £500,000 was drawn down in October 2017. In addition, the combination of the restricted reserves (excluding the pension reserve) and the unrestricted reserves remains in surplus of £337,846.

Other restricted funds comprise funds received from the DfE, ESFA, Local Authorities and other government bodies to reimburse expenditure incurred by the Trust in its ordinary operational activities. Other grants at 31 August 2017 comprise residual funds for school and environmental improvement at The Deanes (£40,000) and the remainder of our subsidence grant (originally £200,000, now depleted to £161,000) for risks inherited at KCA.

**Challenger Multi Academy Trust**  
**Notes to the Financial Statements for the year ended**  
**31 August 2017 (continued)**

**Movement in funds for comparative year ended 31 August 2016**

	Balance at 1 September 2015	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2016
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	5,408,562	(5,408,132)	-	430
Start Up Grant	232,553	97,450	(232,553)	-	97,450
Pupil Premium	-	271,524	(271,524)	-	-
Transfer on conversion	-	258,523	(258,523)	-	-
Other grants	-	985,781	(816,377)	-	169,404
Pension reserve	-	-	(2,158,000)	(995,000)	(3,153,000)
	<u>232,553</u>	<u>7,021,839</u>	<u>(9,145,109)</u>	<u>(995,000)</u>	<u>(2,885,716)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	-	25,151,140	(283,542)	-	24,867,598
DfE/ESFA capital grants	-	-	-	-	-
Capital expenditure from GAG	-	-	-	-	-
Private sector capital sponsorship	-	-	-	-	-
	<u>-</u>	<u>25,151,140</u>	<u>(283,542)</u>	<u>-</u>	<u>24,867,598</u>
<b>Total restricted funds</b>	<u>232,553</u>	<u>32,172,980</u>	<u>(9,428,651)</u>	<u>(995,000)</u>	<u>21,981,882</u>
<b>Total unrestricted funds</b>	<u>-</u>	<u>188,160</u>	<u>-</u>	<u>-</u>	<u>188,160</u>
<b>Total funds</b>	<u>232,553</u>	<u>32,361,140</u>	<u>(9,428,651)</u>	<u>(995,000)</u>	<u>22,170,042</u>

# **Challenger Multi Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

## **Analysis of academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Lancot School	98,316	17,331
Kempston Challenger Academy*	(226,633)	51,519
Daubeney Academy	275,219	173,529
The Deanes	12,981	-
Hadleigh Junior School	125,875	-
The Westborough School	252,373	-
Central services	(200,284)	213,066
Total before fixed assets and pension reserve	337,846	455,445
Restricted fixed asset fund	50,071,828	24,867,598
Pension reserve	(5,988,999)	(3,153,000)
<b>Total</b>	<b>44,420,675</b>	<b>22,170,042</b>

\* - on 1 September 2016, Hastingsbury Business and Enterprise College and Robert Bruce Middle School merged to become Kempston Challenger Academy.

The Trust is taking the following action to return KCA academy and Central services to surplus:

**Kempston Challenger Academy:** KCA was formed from a merger of the Robert Bruce Middle School and Hastingsbury Business and Enterprise College on 1 September 2016. As part of this process we have undertaken restructuring exercises in 2016 and 2017. This has resulted in notable redundancy payments. This process has reduced the combined cost base significantly. We have also carried out a curriculum led finance review and made further changes to the staff base accordingly. However, the current pupil numbers are not delivering a sufficiently high teacher : pupil ratio to deliver a surplus and this led to an underlying deficit in 2017. With growth in pupil numbers, using part of the Advance GAG provision and further cost base reviews, we anticipate reducing the deficit substantially during 2018 and currently forecast a small surplus.

**Central Services:** During the year the central Trust incurred a deficit, largely through providing substantial support for the academies over and above the management fee cover and setting up the central cost base for the Trust to be able to have capacity to grow. During 2018, it is expected that the central Trust will deliver a surplus performance, supported by using part of the Advance GAG provision from the ESFA.

## **Analysis of academies by cost**

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2017 £	Total 2016 £
Lancot School	1,135,468	188,916	44,427	264,690	1,633,501	1,696,045
Kempston Challenger Academy*	3,470,893	494,974	155,824	1,280,515	5,402,206	4,686,448
Daubeney Academy	1,454,869	271,147	118,822	451,269	2,296,107	-
The Deanes	1,806,510	1,034,044	129,396	802,906	3,772,856	-
Hadleigh Junior School	425,534	125,149	15,047	153,454	719,184	-
The Westborough School	333,476	48,070	18,453	72,605	472,604	-
Central Services	74,481	183,177	2,700	1,071,690	1,332,048	686,616
<b>Academy Trust</b>	<b>8,701,231</b>	<b>2,345,477</b>	<b>484,669</b>	<b>4,097,129</b>	<b>15,628,506</b>	<b>7,069,109</b>

# **Challenger Multi Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

## **17 Analysis of Net Assets between Funds**

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	183,711	50,071,828	50,255,539
Current assets	430,009	1,020,106	-	1,450,115
Current liabilities	-	(1,295,980)	-	(1,295,980)
Pension scheme liability	-	(5,988,999)	-	(5,988,999)
<b>Total net assets</b>	<b>430,009</b>	<b>(6,081,163)</b>	<b>50,071,828</b>	<b>44,420,675</b>

## **Comparative Analysis of Net Assets between funds for year ended 31 August 2016**

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	24,867,598	24,867,598
Current assets	188,160	711,562	-	899,722
Current liabilities	-	(444,278)	-	(444,278)
Pension scheme liability	-	(3,153,000)	-	(3,153,000)
<b>Total net assets</b>	<b>188,160</b>	<b>(2,885,716)</b>	<b>24,867,598</b>	<b>22,170,042</b>

## **18 Capital Commitments**

	2017	2016
	£	£
Contracted for, but not provided in the financial statements	-	-

## **19 Members' Liability**

Every member of the charitable company undertakes to contribute such amount as may be required (such amount not exceeding £10) to the assets of the company in the event of it being wound up while he or she is a member or within one year after he or she ceases to be a member, for the payment of the Trusts debts and liabilities before he or she ceases to be a member and of the costs charges and expenses of winding up and for the adjustment of the rights of contributories amongst themselves.

# **Challenger Multi Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

## **20 Reconciliation of Net Income/(expenditure) to Net Cash Flow from Operating Activities**

	2017	2016
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	21,415,966	22,932,490
Adjusted for:		
Depreciation charges (note 12)	523,770	283,542
Interest receivable (note 6)	(1,022)	(515)
Assets transferred from local authority	(25,728,000)	(25,151,140)
Cash transferred from local authority	(623,644)	(258,523)
Defined benefit pension scheme obligation inherited (note 26)	3,143,333	2,076,000
Movement in connection with defined benefit pension scheme cost	1,150,976	1,136,668
(Increase)/decrease in debtors	(308,901)	(205,631)
Increase/(decrease) in creditors	851,702	(398,073)
<b>Net cash provided by / (used in) Operating Activities</b>	<b>424,180</b>	<b>414,818</b>

## **21 Cash Flows from Financing Activities**

	2016	2016
	£	£
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
<b>Net cash provided by / (used in) financing activities</b>	<b>-</b>	<b>-</b>

## **22 Cash Flows from Investing Activities**

	2016	2016
	£	£
Dividends, interest and rents from investments	1,022	515
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(183,711)	-
Capital grants from DfE/ESFA	-	-
Capital funding received from sponsors and others	-	-
<b>Net cash provided by / (used in) investing activities</b>	<b>(182,689)</b>	<b>515</b>

## **23 Analysis cash and cash equivalents**

	At 31 August	At 31 August
	2017	2016
	£	£
Cash in hand and at bank	908,647	667,155
Notice deposits (less than 3 months)	-	-
<b>Total cash and cash equivalents</b>	<b>908,647</b>	<b>667,155</b>

# **Challenger Multi Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

## **24 Pension and Similar Obligations**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £141,413 were payable to the schemes at 31 August 2017 (2016: £71,154) and are included within creditors.

### **24.a Teachers' Pension Scheme**

#### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

#### **Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019

The employer's pension costs paid to TPS in the period amounted to £794,432 (2016: £459,077).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.



# **Challenger Multi Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

## **24 Pension and Similar Obligations (continued)**

### **24.b 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 2017 was £678,622 (2016: £277,740), of which employer's contributions totalled £528,570 (2016: £225,660) and employees' contributions totalled £150,052 (2016: £52,080). The Agreed contribution rates for future years are variable based on pay.

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.

The following figures are a summary of the figures for the six academies within the Trust at 31 August 2017.

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2017</b>	<b>At 31 August 2016</b>
Rate of increase in salaries	2.70 - 4.20%	3.00 - 3.10%
Rate of increase for pensions in payment/inflation	2.40 - 2.70%	2.00 - 2.10%
Discount rate for scheme liabilities	2.50 - 2.60%	1.90 - 2.00%

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

	<b>At 31 August 2017</b>	<b>At 31 August 2016</b>
<i>Retiring today</i>		
Males	22.2 - 22.4	22.4
Females	24.5 - 24.7	24.3
<i>Retiring in 20 years</i>		
Males	24.0 - 24.3	24.4
Females	26.2 - 27.0	26.8

### **Sensitivity Analysis**

	<b>At 31 August 2017</b>	<b>At 31 August 2016</b>
Discount Rate +0.1%	250	94
Discount Rate -0.1%	(250)	(94)
Salary Increase rate +0.1%	(46)	(35)
Salary Increase rate -0.1%	46	35
Pension Increase rate +0.1%	(205)	(56)
Pension Increase rate -0.1%	205	56

# **Challenger Multi-Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

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

	Fair value at 31 August 2017 £	Share %	Fair value at 31 August 2016 £	Share %
Equity instruments	2,580	67	350	77
Bonds	486	13	45	10
Property	361	9	46	10
Cash	431	11	14	3
<b>Total market value of assets</b>	<b>3,858</b>	<b>100</b>	<b>455</b>	<b>100</b>

The actual return on scheme assets was £458,000 (2016: £38,000).

## **Amounts recognised in the statement of financial activities**

	2017 £	2016 £
Current / Past service cost (net of employee contributions)	(959,333)	(266,000)
Net interest cost	(121,000)	(67,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
<b>Total operating charge</b>	<b>(1,080,333)</b>	<b>(333,000)</b>

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

	2017 £	2016 £
<b>At 1 September</b>	<b>3,608,000</b>	-
Upon conversion	5,459,833	2,190,000
Current service cost	910,333	266,000
Past Service Costs	49,000	-
Interest cost	168,833	76,000
Employee contributions	150,052	57,000
Actuarial (gain)/loss	(424,500)	1,019,000
Plan introductions, benefit changes, curtailments and settlements	75,500	-
<b>At 31 August</b>	<b>9,997,051</b>	<b>3,608,000</b>

## **Changes in the fair value of academy's share of scheme assets:**

	2017 £	2016 £
<b>At 1 September</b>	<b>455,000</b>	-
Upon conversion	2,316,500	114,000
Interest income	47,833	9,000
Actuarial gain/(loss)	410,167	29,000
Employer contributions	553,000	246,000
Employee contributions	150,052	57,000
Plan introductions, benefit changes, curtailments and settlements	75,500	-
<b>At 31 August</b>	<b>4,008,052</b>	<b>455,000</b>

# **Challenger Multi Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2017 (continued)**

### **25 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Contour Education Services Limited ('CES') – a company in which Charles Rigby (a Trustee and Member of the trust) is a director and majority shareholder:

- CMAT procured services totalling £126,000 during the period (2016: £90,000). There were amounts outstanding of £12,600 at 31 August 2017 (2016: £nil).
- The value of services is at or below cost, and the related party has provided information to support this, including a Statement of Assurance for the year to 31 August 2017.
- CMAT procured the services in pursuit of its charitable activities and the Trustees are satisfied that the services are required, represent best value, and comply with the 'at cost' provisions of the ESFA Academies Financial Handbook.
- The services provided related to Learning Outside The Classroom activity, PR, administrative and executive support services and the further development of the on-line impact measurement tool for the development of the Challenger Diploma for all academies.
- We ran a tender process in November 2017 where we invited three parties to tender for the existing scope of services and also advertised the tender on our website and a separate relevant industry specific website. Clear evaluation criteria were in place and the process resulted in CES retaining the work. This also resulted in a reduction to the base fees for the new contract from 1 January 2018.
- Charles Rigby was not part of the original procurement process for CES, which occurred in 2015;

# **Challenger Multi Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

## **26 Conversion to an Academy Trust**

**26.a** On 1 October 2016 The Deanes School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Challenger Multi Academy Trust from Bedford Borough Council.

These transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as both "Donations – transfer from local authority on conversion" and "Charitable activities – transfer from local authority on conversion".

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

The Deanes School	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Unrest F Total £000
Tangible fixed assets				
Long-term leasehold land and buildings	-	-	10,416,000	10,416,000
Budget surplus on LA funds	-	51,060	-	51,060
LGPS pension deficit	-	(1,249,000)	-	(1,249,000)
<b>Net assets</b>	<b>-</b>	<b>(1,197,940)</b>	<b>10,416,000</b>	<b>9,218,060</b>

# **Challenger Multi-Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

**26.b** On 1 September 2016 Daubeney Academy was transferred from Daubeney Academy (Company Limited by Guarantee No. 07978124) to CMAT. All the operations and assets and liabilities were transferred to CMAT from at £nil consideration.

	Value reported by transferring trust	Fair Value adjustments	Transfer in recognised
	£000	£000	£000
<b>Intangible Assets</b>			
Software	-	-	-
<b>Tangible Fixed assets</b>			
Freehold Land and Buildings	5,835,975	1,327,025	7,163,000
Leasehold Land and buildings	-	-	-
Leasehold Improvements	-	-	-
Plant and Machinery	9,030	(5,017)	4,013
Furniture and equipment	-	-	-
Computer equipment	16,583	(12,787)	3,796
<b>Non-Current financial assets</b>	-	-	-
<b>Current Financial assets</b>	-	-	-
<b>Other Assets</b>			
Stock	-	-	-
Debtors due after 1 year	-	-	-
Debtors due in less than 1 year	183,455	-	183,455
Cash in Bank and in hand	434,250	-	434,250
<b>Liabilities</b>			
Creditors due in less than 1 year	(189,102)	-	(189,102)
Creditors due in more than 1 year	-	-	-
Provisions	-	-	-
<b>Pensions</b>			
Pensions - pension scheme Assets			
Pensions - pension scheme Liabilities	(620,000)		(620,000)
	<b>5,670,191</b>	<b>1,309,221</b>	<b>6,979,412</b>

# **Challenger Multi-Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

26.c On 1 March 2017 Hadleigh Junior School Academy was transferred from the Hadleigh Junior School Academy (Company Limited by Guarantee No. 07719938) to CMAT. All the operations and assets and liabilities were transferred to CMAT from at £nil consideration.

	Value reported by transferring trust	Fair Value adjustments	Transfer in recognised
	£000	£000	£000
<b>Intangible Assets</b>			
Software	-	-	-
<b>Tangible Fixed assets</b>			
Freehold Land and Buildings	1,518,594	1,483,406	3,002,000
Leasehold Land and buildings	-	-	-
Leasehold Improvements	-	-	-
Plant and Machinery	-	-	-
Furniture and equipment	19,690	(19,690)	-
Computer equipment	-	-	-
<b>Non-Current financial assets</b>	-	-	-
<b>Current Financial assets</b>	-	-	-
<b>Other Assets</b>			
Stock	1,848	(1,848)	-
Debtors due after 1 year	-	-	-
Debtors due in less than 1 year	13,248	-	13,248
Cash in Bank and in hand	138,334	-	138,334
<b>Liabilities</b>			
Creditors due in less than 1 year	(84,034)	-	(84,034)
Creditors due in more than 1 year	-	-	-
Provisions	-	-	-
<b>Pensions</b>			
Pensions - pension scheme Assets	-	-	-
Pensions - pension scheme Liabilities	(444,000)	(50,000)	(494,000)
	<b>1,163,680</b>	<b>1,411,868</b>	<b>2,575,548</b>

# **Challenger Multi-Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

26.d On 1 July 2017 Westborough Academy was transferred from the Westborough Academy (Company Limited by Guarantee No. 07384643) to CMAT. All the operations and assets and liabilities were transferred to CMAT from at £nil consideration.

	Value reported by transferring trust	Fair Value adjustments	Transfer in recognised
	£000	£000	£000
<b>Intangible Assets</b>			
Software	-	-	-
<b>Tangible Fixed assets</b>			
Freehold Land and Buildings	10,133,157	(4,986,157)	5,147,000
Leasehold Land and buildings	-	-	-
Leasehold Improvements	-	-	-
Plant and Machinery	-	-	-
Furniture and equipment	-	-	-
Computer equipment	-	-	-
<b>Non-Current financial assets</b>	-	-	-
<b>Current Financial assets</b>	-	-	-
<b>Other Assets</b>			
Stock	-	-	-
Debtors due after 1 year	-	-	-
Debtors due in less than 1 year	39,381	-	39,381
Cash in Bank and in hand	140,198	-	140,198
<b>Liabilities</b>			
Creditors due in less than 1 year	(48,534)	-	(48,537)
Creditors due in more than 1 year	-	-	-
Provisions	-	-	-
<b>Pensions</b>			
Pensions - pension scheme Assets			
Pensions - pension scheme Liabilities	(722,000)	(58,333)	(780,333)
	<u>9,542,202</u>	<u>(5,044,490)</u>	<u>4,497,709</u>

# **Challenger Multi Academy Trust** **Notes to the Financial Statements for the year ended** **31 August 2017 (continued)**

## **27 Central Services**

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

- estates services
- human resources
- financial services
- legal services
- educational support services;
- others as arising

The trust charges for these services based on a 6% charge of total annual income in each academy.

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
Lancot School	78,457	87,255
Kempston Challenger Academy*	258,989	269,316
Daubeney Academy	106,298	-
The Deanes	131,892	-
Hadleigh Junior School	32,760	-
The Westborough School	22,958	-
	<b>631,354</b>	<b>356,571</b>

\* - on 1 September 2016, Hastingsbury Business and Enterprise College and Robert Bruce Middle School merged to become Kempston Challenger Academy

## **28 Agency arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2017, the trust received £5,328 (2016: £6,871) and distributed all of this amount from the fund during the year. There is no amount included in creditors as repayable to the ESFA.



**Challenger Multi Academy Trust**  
**Notes to the Financial Statements for the year ended**  
**31 August 2017 (continued)**

**29 Comparative statement of Financial activities for year ended 31 August 2016**

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016
	Note	£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	12,409	-	-	12,409
Transfer from local authority on conversion	26	10,699	258,523	25,151,140	25,420,362
<b>Charitable activities:</b>					
Funding for the academy trust's educational operations	4	-	6,763,317	-	6,763,317
Other trading activities	5	164,537	-	-	164,537
Investments	6	515	-	-	515
<b>Total</b>		<b>188,160</b>	<b>7,021,839</b>	<b>25,151,140</b>	<b>32,361,140</b>
<b>Expenditure on:</b>					
Raising funds	7	-	-	-	-
<b>Charitable activities:</b>					
Academy trust educational operations	7, 8	-	7,069,109	283,542	7,352,651
Transfer from local authority on conversion	26	-	2,076,000	-	2,076,000
Other		-	-	-	-
<b>Total</b>		<b>-</b>	<b>9,145,109</b>	<b>283,542</b>	<b>9,428,651</b>
<b>Net income / (expenditure)</b>		<b>188,160</b>	<b>(2,123,269)</b>	<b>24,867,598</b>	<b>22,932,489</b>
<b>Transfers between funds</b>	16	-	-	-	-
<b>Other recognised gains / (losses):</b>					
Actuarial (losses) / gains on defined benefit pension schemes	24	-	(995,000)	-	(995,000)
<b>Net movement in funds</b>		<b>188,160</b>	<b>(3,118,269)</b>	<b>24,867,598</b>	<b>21,937,489</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		-	232,553	-	232,553
<b>Total funds carried forward</b>		<b>188,160</b>	<b>(2,885,716)</b>	<b>24,867,598</b>	<b>22,170,042</b>