

TCAT



THE CHALLENGE ACADEMY TRUST ANNUAL REPORT AND FINANCIAL STATEMENTS

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FOR THE PERIOD ENDED 31 AUGUST 2017

THE CHALLENGE ACADEMY TRUST
FINANCIAL STATEMENTS
Period ended 31 August 2017

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THE CHALLENGE ACADEMY TRUST
REFERNCE AND ADMINISTRATIVE DETAILS

Members	S Broomhead A Cannell J Griffiths (Chester Diocesan Board of Education Representative) D Mowat S Whatmore
Trustees	M Grant (CEO, Principal and Accounting Officer) J Griffiths P Hinds G Johnson T Macormac M Mellor MBE J Monaghan N Pearson H Platt (Chair) S Titchard L Waterson S Whatmore S Yates
Central Executive Team	M Grant, CEO and Principal of Priestley College V Briggs, Headteacher of Great Sankey Primary School J Carlin, Headteacher of Penketh High School B Dunne A Grace, Headteacher of Penketh South Primary School T Long, Headteacher of Bridgewater High School A Moorcroft, Headteacher of Beamont Collegiate Academy B Scott-Herron, Headteacher of Sir Thomas Boteler Church of England High School
Company Name	The Challenge Academy Trust
Principal and Registered Office	Priestley College, Loushers Lane, Warrington, WA4 6RD
Company Registration Number	10689247 (England and Wales)
Independent Auditor	Murray Smith LLP Darland House 44 Winnington Hill Northwich Cheshire CW8 1AU
Bankers	Lloyds Bank plc Horsemarket Street Warrington WA1 1TP
Solicitors	Browne Jacobson 14 th Floor, No. 1 Spinningfields 1 Hardman Square Manchester M3 3EB

THE CHALLENGE ACADEMY TRUST
TRUSTEES REPORT
Period ended 31 August 2017

The trustees present their first report together with the financial statements and auditor's report of the charitable company for the period commencing 24 March 2017 to 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates 1 primary, 4 secondary and 1 16-19 academies in Warrington. The trust currently has capacity for 315 primary students, 4,425 secondary students and approximately 2100 16 - 19 students.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Challenge Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as TCAT.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Trustees' Indemnities

The Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Trust also purchased and maintained liability insurance for its Trustees.

Method of Recruitment and Appointment or Election of Trustees

The Board of Trustees has no maximum but must have a minimum of 3 trustees. Members can appoint 6 Trustees and the Chester Diocesan Board of Education, in agreement with the Liverpool Diocesan Board of Education, may appoint two trustees as long as it does not exceed 25% of total trustees. The Chief Executive Officer is automatically appointed as a Trustee. Parent trustees may be appointed if there is no provision for Parent representation at the Local Governing Board level. Co-opted trustees may be appointed for a term not exceeding 4 years by the Trustees. Members take into consideration the skills and experience required by the Trust and seeks to match those requirements when considering an appointment.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new trustees go through a process of induction with the Chair, CEO and Clerk to the Governing Body. Training and access to governor resources are provided throughout the year.

Organisational Structure

The members are responsible for agreeing the strategic aims and the finances of the Trust. Through a scheme of delegation, the Trust Board is responsible for three key areas – Strategy & Leadership, Education, Curriculum & Standards and Financial Management, Human Resources & Operations. Three committees exist to help the Trust Board with this oversight. Through another scheme of delegation, the Central Executive Team (CET), made up of the CEO and the Principals/Headteachers of the founding academies concentrate on school improvement, human resources and the Local Governing Board, through its scheme of delegation, oversee budgetary control, learning standards, exclusions etc.

THE CHALLENGE ACADEMY TRUST

TRUSTEES REPORT (continued)

Period ended 31 August 2017

Each academy has a Principal/Headteacher and a management team that the Local Governing Boards have agreed through its oversight of human resources and budgetary management.

Arrangements for setting pay and remuneration of key management personnel

All staff are subject to their appropriate national pay and conditions depending upon their role. Within this, the Trust has established a joint consultative committee with all unions represented within the Trust. The CET meet with the committee regularly. The CET take note of national awards and, based upon budgetary constraints, make recommendations to the Trust Board. All staff are subject to annual performance related appraisals which also influence final individual pay awards.

Leadership pay is based upon performance targets set by the relevant bodies.

Related Parties and other Connected Charities and Organisations

The Trust, through its operations, interacts with many local charities and organisations on a day to day basis as it works to help the young people within its academies. The Trust has a connected charity – Priestley Education & Training Trust (PETT). The CEO of the Trust is also the Chair of the Board of Trustees of PETT. The Director of Finance of the Trust is also the Treasurer. Neither of these roles are remunerated. PETT is a registered charity to help current and past students of Priestley College, the 16-19 academy. The charity raises money through activities each year and funds students with hardship issues where the bursary cannot help, awards scholarships for past students undertaking unfunded degrees, specifically in the arts, or courses to help them gain employment and sporting achievers towards equipment, contribution to international tours whilst representing their country. Priestley College does make deductions, only with express written authorisation, from some staff through the payroll system which is paid across to PETT monthly. The charity's assets and liabilities are maintained separately from the Trust. The charity's income is between £8,000 and £12,000 per annum.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Trust's object is to advance for the public benefit education in the United Kingdom, in particular foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:

- (i) Academies other than those designated Church of England, whether with or without a designated religious character and
- (ii) Church of England academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the Diocesan Board of Education,

but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

By fulfilling the object, the Trust aims to deliver improvement in student/pupil outcomes by working collectively. The Trust will also work to ensure that the curriculum offer across the Trust meets the needs of students/pupils as well as regional and national priorities. By working collaboratively both pre and Post 16, the Trust will be able to ensure minority subjects/courses will be supported and thrive. For example unlike some Sixth Form colleges Priestley is able to continue to offer French, Spanish and German at A Level. Such provision should be enhanced by the unique opportunities for collaboration and development a cross phase trust provides.

THE CHALLENGE ACADEMY TRUST

TRUSTEES REPORT (continued)

Period ended 31 August 2017

Objectives, Strategies and Activities

The Trust has already achieved one of its objectives for the first twelve months. In July 2017, Bridgewater High School has been approved as a Teaching School with its first intake in September 2018 thereby creating the opportunity for a Teaching School Alliance involving the Trust. The Trust is focussed around improvement and the improvement agenda will be supported by:

- Senior leaders from each organisation will initially give the equivalent of one day a week towards addressing the needs of the Trust
- Additional curriculum capacity will be created via the rationalisation of the Post 16 curriculum offer across the Trust, reducing duplication and improving efficiency, enabling staff to be released to support Key Stage 2, 3 and 4 improvements.
- Financial planning expertise will be utilised to support the introduction of cross Trust planning and efficiency savings. Savings generated will help each organisation to deal with reductions in budgets where they are expected whilst also ensuring resources are prioritised to improve student outcomes.
- The Trust will utilise funds provided to support its sponsor role to establish key cross Trust roles on school/college improvement
- The Trust will build on the experiences from the Warrington Challenge to establish cross Trust and cross phase working groups for English Baccalaureate curriculum lines
- The Trust will build on areas of expertise in IAG to ensure an enhanced Trust wide programme of IAG will be delivered and supported.
- The organisations within the Trust will pool resources that are currently utilised to support improvement to maximise the effectiveness of external expertise that is secured to support the Trust.
- The Trust will continue to work with other schools/colleges in and beyond Warrington to share and secure expertise to support the drive for constant improvement, for example from the Six College Consortium, The Warrington Challenge and the Warrington Schools Alliance.

Within the Primary sector the priorities for improvement will be:

- To further secure consistently high quality standards in teaching, learning and assessment across reading, writing and mathematics, with a specific focus on diminishing the differences of children from their different starting points
- To ensure an accurate and moderated assessment system is further developed that enables teachers, managers and governors to judge attainment and progress in core and foundation subjects in all year groups.
- To improve the knowledge and implementation of core skills in phonics, guided reading, spelling strategies and patterns and mental mathematics against the curriculum standards
- To embed high quality science teaching, learning and assessment, ensuring there is sufficient coverage and clear progression of standards throughout
- To further develop a growth mind-set and value based approach to children's good mental health and well-being
- Challenging the more able learner and extending the range of enrichment and wider curriculum opportunities/activities

Across the Trust the primary schools will be able to access additional support for the teaching of science and modern foreign languages and have access to increased enrichment activities for example in Art and Design and Sport. The Trust's work on transition will also help to ensure disadvantaged groups are prioritised at transition points to help all organisations focus on diminishing the difference between groups of pupils/students. Primary schools will also benefit from stronger governance and financial controls.

THE CHALLENGE ACADEMY TRUST
TRUSTEES REPORT (continued)
Period ended 31 August 2017

Public Benefit

The Challenge Academy Trust is an exempt charity and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 2.

In setting and reviewing the Trust's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the Trust provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent progression for students to employment or higher education
- Strong student support systems
- Links with employers, industry and commerce
- Links with local community groups and sports clubs

STRATEGIC REPORT

Achievements and Performance

The Trust was incorporated on 24th March 2017 and only began operations on 1 May 2017 when Priestley College converted to a 16-19 academy and Bridgewater High School and Penketh High School, both existing stand alone academies, joined the Trust. On 1st June 2017, Great Sankey Primary School and Sir Thomas Boteler Church of England High School converted to academies from local authority control and joined that Trust. Finally, on 1st July 2017, Beamont Collegiate Academy joined from an existing Multi-Academy Trust. As the period is so short, it is difficult to discuss much by way of achievements and performance. In the period, Bridgewater High School has achieved Teaching School status and Beamont Collegiate Academy has been assessed as Good by Ofsted having previously been considered Requires Improvement. This means that only two of the six schools or colleges in the Trust currently are rated as requiring improvement. The next twelve months will be the first full period where a true assessment of the Trust's achievements and performance can be made.

Key Performance Indicators

The Trust has developed a scorecard which is applied to each academy. The scorecard focuses on five key areas:

- Progress
- Teaching & Learning
- Behaviour, Welfare, Safeguarding & Attendance
- Governance
- Finance

Each academy is reviewed by the Improvement Lead and the scorecard prepared based upon the evidence provided and substantiated by the peer review. The scorecard also identifies key strengths and areas for improvement.

THE CHALLENGE ACADEMY TRUST

TRUSTEES REPORT (continued)

Period ended 31 August 2017

Going Concern

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

FINANCIAL REVIEW

The Trust is primarily funded by the Education and Skills Funding Agency with the majority of income in the form of recurrent grants for the provision of education for 3 to 19 year olds. The 16-19 academy does receive a small grant for the provision of adult education. The academies within the Trust do try to maximise the use of their resources in generating other funds outside of the core hours of education. During this short period, the Trust has generated a surplus of £432,000, after ignoring the impact of depreciation. In addition, the Trust invested approximately £357,000 in capital purchases. Two of the academies had successfully bid for Condition Improvement Funding before joining the Trust and they have been able to undertake much needed replacement work to elements of their buildings.

The Trust realises that some of the academies face challenges over the next couple of years and work has begun to help improve their position. Economies of scale are beginning to be felt by the Trust and continued work is taking place in order to maximise the opportunities going forward.

Reserves Policy

At present, the Trust's reserves policy is to generate, where possible, free unrestricted reserves and to ensure that, restricted reserves, subject to the Restricted Pension Reserve, are operated within the terms of the funding for the charitable aims i.e. the Trust will endeavour to ensure that all academies operate within budget and do save where possible for investment purposes but not at the expense of the delivery of its charitable aims.

In this period, there has not been much opportunity to generate unrestricted reserves as all of the surpluses transferred to the Trust have had to be treated as restricted, even if the previous academy did have unrestricted reserves. At 31 August 2017, the Trust had Unrestricted Reserves of £86,000, Restricted General Reserves of £4,143,000, Restricted Pension Reserve deficit of £7,725,000 and a Fixed Asset Reserve of £85,883,000.

Investment Policy

Investment management is the management of the Trust's liquid and illiquid assets e.g. buildings, cash flows, its banking and the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Trust is in its early stages and has identified the advantages of pooling surplus cash flows across the academy to generate additional interest receivable. The Trustees also recognise the need to invest in the infrastructure of the Trust in terms of buildings and IT. This review is being undertaken and it will influence the cash flows of the Trust and its investment strategy. It is considering an internal interest rate to allow those academies without surpluses to access investment funds at affordable rates whilst ensuring the surplus is returning more than would be received on deposit.

Any monies placed on deposit will be with institutions afforded protection by the Financial Services Compensation Scheme thereby reducing the Trust's risk. No fixed term deposit of greater than 12 months can be made without the Trust Board's approval.

THE CHALLENGE ACADEMY TRUST
TRUSTEES REPORT (continued)
Period ended 31 August 2017

Principal Risks and Uncertainties

The Trust has a robust risk management approach. The CEO maintains a risk register which is reviewed at every Audit and Risk Committee. From the risk register, an action plan is extracted to minimise the risks and updated for every meeting. The current action plan has identified the following items as High or Medium risk to the Trust:

- Local Destabilisation by Free Schools, academies and UTC
- Safeguarding
- Government changes to curriculum
- Student numbers
- Budget constraints
- Failure to deliver cost savings
- Costs savings negatively impacting on delivery

For all risks identified, an action plan is prepared which identifies the controls in place, how the risk is to be monitored and what further steps are to be taken to minimise the risk. The regular review at the committee ensures that the action plan is a live document at the heart of operations.

PLANS FOR FUTURE PERIODS

The Trust has one more primary school from the seven founding schools to join. This school has been awaiting Regional School Commissioner approval and it is envisaged that it will join the Trust towards 1 April 2018. The Trust would like to increase the number of primary schools to around five in order to create a strong improvement group at this level. The Trust has five key objectives for the future:

- 1) To be recognised as the region's most innovative and exciting Multi-Academy Trust that provides excellent and inclusive educational opportunities for learners from early years through to adulthood.
- 2) To achieve ambitious progress for all our learners whatever their gender, race, ability or background and ensure that outstanding progress and attainment provide the cornerstones of their successful lifelong journeys.
- 3) To develop innovative and collaborative partnerships across educational, business, community and charitable providers that benefit all those within the trust and communities we serve.
- 4) To develop a growth strategy that maximises the opportunities for existing and new institutions to improve and flourish over the coming years so that all within TCAT are either maintaining or working towards outstanding status.
- 5) To maximise opportunities which guarantee the financial stability of the trust and all of the organisations it has responsibility for.

THE CHALLENGE ACADEMY TRUST
TRUSTEES REPORT (continued)
Period ended 31 August 2017

AUDITOR

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13 December 2017 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'H Platt', written over a faint, illegible background.

H Platt
Trustee

13 December 2017

THE CHALLENGE ACADEMY TRUST
GOVERNANCE STATEMENT
Period ended 31 August 2017

Scope of Responsibility

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The **board of trustees** has formally met 2 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustees	Meetings Attended	Out of a possible
H Platt (Chair)	1	2
M Grant (CEO, Principal and Accounting Officer)	2	2
J Griffiths	1	2
P Hinds	2	2
G Johnson	1	2
T Macormac	2	2
M Mellor MBE	-	2
J Monaghan	2	2
N Pearson	2	2
S Titchard	2	2
L Waterson	2	2
S Whatmore	1	2
S Yates	1	2

The Trust carried out an initial self assessment after two months as part of the conversion process. It found that it had in place a lot of the requirements and those not in place were in hand an being put in place. The first trustees meeting was in April 2017 and it is felt that April 2018 would be an appropriate time to carry out a review of governance and its overall effectiveness.

The Finance, HR & Operations is a committee of the main board of trustees. Its purpose is to:

- Consider the funding
- Help guide the setting of the annual budget
- Monitor the budget
- Monitor and review the financial procedures
- Consider Health & Safety
- Review pay & conditions of employment
- Handle grievances and other personnel matters

THE CHALLENGE ACADEMY TRUST
GOVERNANCE STATEMENT (continued)

Period ended 31 August 2017

Due to the short time involved, the committee did not meet during the period and all business was conducted through the Trust Board. The committee has met twice since 31 August 2017.

The Audit & Risk committee is a committee of the main board of trustees. Its purpose is to:

- Appoint the external auditor
- Review the financial statements and annual report
- Review the performance of the external auditor
- To set and review the internal audit programme
- Review reports and recommendations
- Monitor any implementation of recommendations
- Review the Trust's risk management policy and risk register
- Review policies on whistleblowing, fraud etc.
- Draw to the attention of the Board any matters of concern or recommendations

Due to the short time involved, the committee did not meet during the period and all business was conducted through the Trust Board. The committee has met twice since 31 August 2017.

Review of Value for Money

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

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

- Introduction of new accounting system across the whole Trust which has a lower annual maintenance cost and allows comparison on expenditure to identify savings
- Retender of insurance which lead to a saving of approximately £45,000 across the Trust.
- By creating the Multi Academy Trust, individual audit fees amounted to more than the actual audit fee for the Trust, thereby saving approximately £13,000.

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 Challenge Academy Trust for the period from 1 May 2017 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period from 1 May

THE CHALLENGE ACADEMY TRUST
GOVERNANCE STATEMENT (continued)

Period ended 31 August 2017

2017 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes 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 board of trustees has considered the need for a specific internal audit function and has decided to tender for internal audit services which will be in place in 2018.

Review of Effectiveness

As accounting officer the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

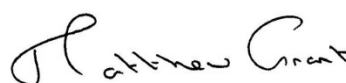
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review. As the new accounting system was being installed during the period, there has been close monitoring of the process and improvements have been suggested along the way to ensure continuous improvement of the system in place.

Approved by order of the members of the board of trustees on 13 December 2017 and signed on its behalf by:



H Platt
Trustee



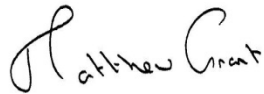
M Grant
Accounting Officer

THE CHALLENGE ACADEMY TRUST
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Challenge Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with 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 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017

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

A handwritten signature in black ink that reads "Matthew Grant". The signature is written in a cursive style with a large initial 'M'.

M Grant
Accounting Officer
13 December 2017

THE CHALLENGE ACADEMY TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
Period ended 31 August 2017

The trustees (who act as governors of The Challenge Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the 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 trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 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 [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 13 December 2017 and signed on its behalf by:



H Platt
Trustee

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE CHALLENGE ACADEMY TRUST

Opinion

We have audited the financial statements of The Challenge Academy Trust (the 'academy trust') for the period ended 31 August 2017, which comprise the Statement of Financial Activities incorporating the Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency (ESFA).

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust'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 academy trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the period ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust'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.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE CHALLENGE ACADEMY TRUST

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 Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page 14, 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 academy trust's ability to continue as a going concern, disclosing, as applicable, matters

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE CHALLENGE ACADEMY TRUST

related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

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

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

A handwritten signature in black ink, appearing to read 'M E Benson', with a long horizontal flourish at the end.

Michael Benson (Senior Statutory Auditor)
for and on behalf of Murray Smith LLP
Chartered Accountants
Statutory Auditors
Darland House
44 Winnington Hill
Northwich
Cheshire
CW8 1AU

13 December 2017

Independent Reporting Accountant's Assurance Report on Regularity To The Challenge Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter 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 Challenge Academy Trust during the period from 1 May 2017 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 Challenge Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Challenge Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Challenge Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of The Challenge Academy Trust's funding agreement with the Secretary of State for Education 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 from 1 May 2017 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

The work undertaken to draw to our conclusion includes:

- review of the Trust's expenditure for the period
- review of arrangements being put in place over financial management

**Independent Reporting Accountant's Assurance Report on Regularity
To The Challenge Academy Trust and the Education and Skills Funding Agency**

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 May 2017 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.

A handwritten signature in black ink, appearing to read 'Murray Smith', with a horizontal line underneath the name.

Murray Smith LLP
Chartered Accountants and Statutory Auditors
Darland House
44 Winnington Hill
Northwich
Cheshire CW8 1AU

13 December 2017

THE CHALLENGE ACADEMY TRUST
STATEMENT OF FINANCIAL ACTIVITIES
for the four months ended 31 August 2017

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Fund £000	Total 2017 £000
Income and endowments from:					
Donations and capital grants	2	-	817	16	833
Transfer from local authority on conversion		-	117	13,224	13,341
Transfer from other academies		-	1,360	60,189	61,549
Transfer from 6 th Form College on conversion		-	1,559	12,949	14,508
Charitable activities:					
Funding for the academy trust's educational operations	3	-	9,816	-	9,816
Other trading activities	4	161	-	-	161
Investments	5	1	-	-	1
Total		<u>162</u>	<u>13,669</u>	<u>86,378</u>	<u>100,209</u>
Expenditure on:					
Raising funds	6	76	-	-	76
Charitable activities:					
Academy trust educational operations	7	-	9,470	837	10,307
Other		-	-	-	-
Total		<u>76</u>	<u>9,470</u>	<u>837</u>	<u>10,383</u>
Net income/(expenditure)		86	4,199	85,541	89,826
Transfers between funds	15	-	(342)	342	-
Other recognised gains/(losses)					
Pension deficits transferred		-	(7,150)	-	(7,150)
Actuarial losses on defined benefit pension schemes	20	-	(289)	-	(289)
Net movement in funds		<u>86</u>	<u>(3,582)</u>	<u>85,883</u>	<u>82,387</u>
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward	15	<u><u>86</u></u>	<u><u>(3,582)</u></u>	<u><u>85,883</u></u>	<u><u>82,387</u></u>

THE CHALLENGE ACADEMY TRUST**BALANCE SHEET**

As at 31 August 2017

	Note	2017 £000
Fixed assets		
Tangible assets	11	85,883
Current assets		
Debtors	12	1,890
Cash at bank and in hand		5,494
		7,384
Creditors: amounts falling due within one year	13	(3,019)
Net current assets		4,365
Total assets less current liabilities		90,248
Creditors: amounts falling due after more than one year	14	(136)
Net assets excluding pension liability		90,112
Defined benefit pension scheme liability	20	(7,725)
TOTAL NET ASSETS		82,387
Funds of the academy trust:		
Restricted funds		
Fixed asset fund	15	85,883
Restricted income fund	15	4,143
Pension reserve	15	(7,725)
Total restricted funds		82,301
Unrestricted income funds	15	86
TOTAL FUNDS		82,387

The financial statements on pages 20-44 were approved by the trustees and authorised for issue on 13 December 2017 and are signed on their behalf by:



H Platt
Trustee

THE CHALLENGE ACADEMY TRUST
STATEMENT OF CASH FLOWS
for the period ended 31 August 2017

	Note	2017
		£000
Cash flows from operating activities		
Net cash provided by operating activities	21	5,127
Cash flows from investing activities	23	378
Cash flows from financing activities	22	(11)
		<hr style="width: 100%;"/>
Change in cash and cash equivalents in the reporting period and at 31 August 2017	24	5,494
		<hr style="width: 100%;"/>

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017

1. Accounting policies

Statement of accounting policies and estimation techniques

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their 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 Trust meets the definition of a public benefit entity under FRS 102.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

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

Recognition of income

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

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017

(continued)

Grants cont.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship Income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Transfer on conversion

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

Transfer of existing academies into the trust

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income.

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017

(continued)

Donated fixed assets (excluding Transfers on conversion/into trust)

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017

(continued)

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

Freehold buildings	written off over 50 years or the life of the asset, whichever is shorter
Long leasehold buildings	written off over the period of the lease, 50 years or the life of the asset, whichever is shorter
Motor vehicles	five years
Computer equipment	four years
Fixtures, fittings and equipment	five years

Tangible fixed assets transferred upon entry into the Trust from other academies, local authority schools or colleges are depreciated at the remaining useful life of those assets with the depreciation rates adopted by the Trust.

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

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.

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.

Leased Assets

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

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017
(continued)

Investments

The Trust's shareholding in the wholly owned subsidiary, Bridgewater High School Services Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13 and 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2017

(continued)

Pensions Benefits - cont

contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note xx, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017

(continued)

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000
Capital grants	-	750	750
Other donations	-	83	83
Total	-	833	833

3 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000
DfE/ESFA grants			
General Annual Grant (GAG)	-	9,545	9,545
Other DfE/ESFA grants	-	46	46
	-	9,591	9,591
Other Government grants			
Local authority grants	-	225	225
	-	9,816	9,816

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000
Hire of facilities	16	-	16
Catering income	98	-	98
Other income	47	-	47
Total	161	-	161

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2017

(continued)

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000
Short term deposits	1	-	1

6 Expenditure

	Staff Costs £000	Non Pay Expenditure		Total 2017 £000
		Premises £000	Other £000	
Expenditure on raising funds	66	-	10	76
Academy's educational operations:				
Direct costs	7,219	547	925	8,691
Allocated support costs	1,048	332	236	1,616
	<u>8,333</u>	<u>897</u>	<u>1,170</u>	<u>10,383</u>

Net income/(expenditure) for the period includes:

	2017
	£000
Operating lease rentals	33
Depreciation	837
(Gain)/Loss on disposal of fixed assets	-
Fees payable to auditor for:	
• audit	23

7 Charitable activities

	Total
	2017
	£000
Direct costs – educational operations	8,691
Support costs – educational operations	1,616
	<u>10,307</u>

Analysis of support costs

	Educational operations £000	Total 2017 £000
Support staff costs	1,048	1,048
Depreciation	228	228
Technology costs	17	17
Premises costs	105	105
Other support costs	166	166
Governance costs	52	52
Total support costs	<u>1,616</u>	<u>1,616</u>

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017
(continued)

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2017 £000
Wages and salaries	6,317
Social security costs	599
Operating costs of defined benefit pension schemes	1,276
Apprenticeship levy	24
	8,216
Supply staff costs	117
Total	8,333
Staff restructuring costs comprise:	
Severance payments	23

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £15,000. This was a single payment to one individual.

c. Staff numbers

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

	2017 No.	2017 FTE
Teachers	475	423
Administration and support	374	301
Management	7	7
Total	856	731

Currently, the Trust does not have any centralised function and there are no staff costs attached to that function.

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017
(continued)

d. Higher paid staff

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

	2017 No.
£60,001 - £70,000	5
£70,001 - £80,000	4
£80,001 - £90,000	2
£90,001 - £100,000	1
£100,001-£110,000	1
£110,001-£120,000	-
£120,001-£130,000	1
	1

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the central executive team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £177,913.

9 Related Party Transactions – Trustees’ remuneration and expenses

One trustee has been paid remuneration or has received other benefits from an employment with the academy trust. The principal/CEO only receives remuneration in respect of services they provide undertaking the roles of principal/CEO under their contracts of employment.

The value of the trustee’s remuneration and other benefits was as follows:

M Grant (Principal/CEO and Trustee)	
Remuneration	£40,001 - £45,000
Employer’s pension contribution paid	£5,001 - £10,000

10 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 £1,000,000 on any one claim and the cost for the period ended 31 August 2017 was £1,600. The cost of this insurance is included in the total insurance cost.

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017
(continued)

11 Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation						
Transfers from other academies	-	56,291	3,550	344	5	60,190
Transfers from local authority conversion	-	13,211	9	4	-	13,224
Transfers from 6th Form College conversion	12,709	-	240	-	-	12,949
Additions	-	-	82	275	-	357
Disposals	-	-	-	-	-	-
At 31 August 2017	12,709	69,502	3,881	623	5	86,720
Accumulated depreciation						
Charge for period	153	394	226	63	1	837
Disposals	-	-	-	-	-	-
At 31 August 2017	153	394	226	63	1	837
Net book value at 31 August 2017	12,556	69,108	3,655	560	4	85,883

The trust's transaction relating to land and buildings included:

- The acquisition of the freehold on Priestley College which was transferred to the Trust on 1 May at a value of £12,709,000.
- The Trust entered into the following leases, each for a term of 125 years, for the premises and land:

Property	Commencement Date of Lease	Value of Property at Lease Inception £000
Bridgewater High School	1 May 2017	31,720
Penketh High School	1 May 2017	14,679
Great Sankey Primary School	1 June 2017	3,911
Sir Thomas Boteler Church of England High School	1 June 2017	9,300
Beamont Collegiate Academy	1 July 2017	9,892

The properties within the Trust have been included at the valuations when they became an academy or at historic build cost if built whilst either an academy or whilst Priestley College was a sixth form College. It was intended that the ESFA Property document would be used to provide valuations where required and influence the fair value of the asset upon inclusion. As the report was late being delivered, the Trust has decided to use the report, once available to consider its properties' fair value and whether or not to adjust the valuation as a prior year adjustment next year.

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017
(continued)

12	Debtors	2017
		£000
	Trade debtors	19
	VAT recoverable	330
	Other debtors	224
	Prepayments and accrued income	1,317
		<u>1,890</u>

13	Creditors: Amounts Falling Due Within One Year	2017
		£000
	Trade creditors	917
	Other taxation and social security	433
	ESFA creditor	286
	Other creditors	670
	Accruals and deferred income	713
		<u>3,019</u>

	Deferred income	2017
		£000
	Resources deferred in the period	154
		<u>154</u>

14	Creditors: Amounts Falling Due In Greater Than One Year	2017
		£000
	Salix loan	136
	Total	<u>136</u>

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017
(continued)

15 Funds	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	-	9,394	(7,945)	(342)	1,107
Pupil Premium	-	156	(156)	-	-
Pension Reserve	-	-	(286)	(7,439)	(7,725)
Other grants and donations	-	1,083	(1,083)	-	-
Transfer on conversion	-	3,036	-	-	3,036
	-	13,669	(9,470)	(7,781)	(3,582)
Restricted fixed asset funds					
Transfer on conversion	-	86,362	(837)	-	85,525
DfE/ESFA capital grants	-	-	-	-	-
Capital expenditure from GAG	-	16	-	342	358
	-	86,378	(837)	342	85,883
Total restricted funds	-	100,047	(10,307)	(7,439)	82,301
Total unrestricted funds	-	162	(76)	-	86
Total funds	-	100,209	(10,383)	(7,439)	82,387

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000
Beamont Collegiate Academy	1,473
Bridgewater High School	498
Great Sankey Primary School	229
Penketh High School	(150)
Priestley College	2,276
Sir Thomas Boteler Church of England High School	(97)
Total before fixed assets and pensions reserves	4,229
Restricted Fixed Asset Fund	85,883
Pension Reserve	(7,725)
Total funds	82,387

Penketh High School joined the Multi Academy Trust with a deficit of £390,000 which has now reduced to £150,000. The academy has had a financial plan in place for over a year which it has followed. It is envisaged that by 2018/19, Penketh High School will have repaid its ESFA advance funding and be back in surplus. Sir Thomas Boteler is undertaking a review of its operations with the

THE CHALLENGE ACADEMY TRUST
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(continued)

15 Funds - continued

help of the Trust. Since joining the Trust, it has enjoyed some cost savings but there is more work needed to return the school to surplus against the backdrop of improvement to academic performance and falling student numbers. A plan will be executed in the academic year 2017/18 to bring around financial stability and academy improvement.

Total cost analysis by academy

Expenditure incurred by each academy was as follows:

	Teaching & Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Dep) £000	Total 2017 £000
Beamont Collegiate Academy	580	101	84	65	830
Bridgewater High School	2,189	249	103	230	2,771
Great Sankey Primary School	248	18	21	24	311
Penketh High School	1,529	175	44	171	1,919
Priestley College	1,921	477	86	187	2,671
Sir Thomas Boteler Church of England High School	699	147	72	126	1,044
	7,166	1,167	410	803	9,546
	7,166	1,167	410	803	9,546

16 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	85,883	85,883
Current assets	86	7,298	-	7,384
Current liabilities	-	(3,019)	-	(3,019)
Non-current liabilities	-	(136)	-	(136)
Pension scheme liability	-	(7,725)	-	(7,725)
	86	(3,582)	85,883	82,387
Total net assets	86	(3,582)	85,883	82,387

THE CHALLENGE ACADEMY TRUST
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for the period ended 31 August 2017
(continued)

17 Capital commitments	2017 £000
Contracted for, but not provided in the financial statements	1,400
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18 Commitments under operating leases	2017 £000
Operating leases	
Land and buildings	
Expiring in over five years	-
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Other	
Expiring within one year	47
Expiring between two and five years inclusive	52
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99	

19 Members liability

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

20 Pension and similar obligations

The academy trust's employees belong to two principal schemes, the Teachers' Pensions 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 the Cheshire Pension Fund (CPF). Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and the CPF 31 March 2013. Contributions amounting to £244,440 were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pensions Scheme

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 CHALLENGE ACADEMY TRUST
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for the period ended 31 August 2017

(continued)

20 Pension and similar obligations - continued

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 £587,833.

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.

Cheshire Pension Fund (CPF)

The CPF is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £322,009 of which employers contributions totalled £253,649 and employees contributions totalled £68,360. The agreed contribution rates for employers, for future years, vary for each academy depending upon its asset and liability profile within the scheme. Currently, the 16-19 academy pays a lower employer rate than the other academies who pay 22.1% per annum increasing by 0.5% each year to a maximum of 30.1%. The rate for employees range from 5.5% to 8.5% for employees depending on salary.

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2017

(continued)

20 Pension and similar obligations - continued

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.

Principal Actuarial Assumptions

	At 31 August 2017
Rate of increase in salaries	2.7%
Rate of increase for pensions in payment/inflation	2.4%
Discount rate for scheme liabilities	2.5%
Inflation assumption (CPI)	1.25%
Commutation of pensions to lump sums	50%

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

	At 31 August 2017
Retiring today	
Males	22.3
Females	24.5
Retiring in 20 years	
Males	23.9
Females	26.5

Sensitivity Analysis

	At 31 August 2017 £000
Change in assumption	
0.5% decrease in Real Discount Rate	3,112
0.5% increase in the Salary Increase Rate	676
0.5% increase in the Pension Increase Rate	2,378

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

	Value at 31 August 2017 £000
Equities	9,698
Bonds	7,950
Property	1,359
Cash	385
Total Market Value of Assets	19,392

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2017

(continued)

20 Pension and similar obligations - continued

	2017 £000
Current service cost	(540)
Past service cost	-
Interest income	144
Interest cost	(205)
	(601)
Total amount recognised in the SOFA	(601)

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

	2017 £000
Conversion of academy trusts	11,736
Transferred in on existing academies joining the trust	14,347
Current service cost	540
Interest cost	205
Employee Contributions	86
Actuarial (gain)/loss	-
Benefits paid	(104)
Losses or gains on curtailments	-
Past service cost	-
Change in financial assumptions	307
Effect of non-routine settlements	-
	27,117
At 31 August	27,117

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

	2017 £000
Conversion of academy trusts	9,574
Transferred in on existing academies joining the trust	8,868
Interest income	144
Actuarial gain/(loss)	512
Employer contributions	312
Employee contributions	86
Benefits paid	(104)
Effect of non-routine settlements	-
	19,392
At 31 August	19,392

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2017

(continued)

21	Reconciliation of Net Income/(Expenditure) to Net Cash Flow from Operating Activities	2017
		£000
	Net income/(expenditure) for the reporting period (as per the statement of financial activities)	89,826
	Adjusted for:	
	Depreciation	837
	Capital grants from DfE and other capital income	(86,378)
	Interest receivable	(1)
	Defined benefit pension scheme cost less contributions payable	(225)
	Defined benefit pension scheme finance cost	(61)
	(Increase)/decrease in debtors	(1,890)
	Increase/(decrease) in creditors	3,019
	Net cash provided by / (used in) Operating Activities	5,127
22	Cash Flows from Financing Activities	2017
		£000
	Repayment of borrowing	(11)
23	Cash flows from investing activities	2017
		£000
	Dividends, interest and rents from investments	1
	Capital grants from DfE/ESFA	377
		378
24	Analysis of cash and cash equivalents	2017
		£000
	Cash in hand and at bank	5,494
25	Post Balance Sheet Events	
	There are no post balance sheet events.	
26	Contingent Liabilities	
	The Trust had no contingent liabilities.	

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 August 2017
(continued)

27 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the 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.

Warrington Borough Council – a Local Authority in which S Broomhead (a Member of the Trust) is the Chief Executive and L Waterson (a trustee of the Trust) is an employee.

During the period, apart from the Trust meeting its legal responsibilities in relation to rates payable to the Local Authority, all of the academies within the Trust received income for the provision of high needs education and also purchased services from the Local Authority under Service Level Agreements. In addition, two academies that joined the Trust were conversion academies from the Local Authority. At the 31 August 2017 an outstanding debtor still existed in relation to the transfer of assets and liabilities amounting to £308,000. This is included within the prepayments and accrued income figure on the Balance Sheet.

Type of transaction	Total incurred during period £000	Outstanding at 31 August £000
Education Delivery	490	9
Purchase of Service	187	115

Priestley Education & Training Trust (PETT) – M Grant and S Yates (trustees of the Trust) are trustees in this charitable trust. The trust helps provide support to past and present students. The Trust sometimes receives monies from the Trust by way of a proportion of the ticket sales of performances by students. During the period, PETT did not receive any monies. In addition, PETT helps to supplement the bursary by supporting students not covered under the ESFA funded 16-19 discretionary bursary. In the period, the academy disbursed £783 which was refunded by PETT after 31 August 2017. The balance is included in Other Debtors.

28 Agency arrangements

The Trust distributes the ESFA discretionary 16-19 bursary to students as an agent for the ESFA. Unspent funds were transferred to the Trust as each academy in receipt of the funds joined the Trust. The trust disbursed over £27,831 in the period and the amount underspent, £34,017, is included in Other Creditors to be used next year.

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2017

(continued)

29 Transfer of existing academies into the Trust

During the period, three existing academies joined the Trust. Two academies joined on 1 May 2017 and the other left an existing multi-academy trust and joined on 1 July 2017. The details of the transfer of assets and liabilities are as follows:

Transfer in of Bridgewater High School on 1 May 2017

	Value reported by transferring trust £000	Fair Value Adjustments £000	Transfer in recognised £000
Tangible fixed assets			
Long Leasehold Land & Buildings	33,977	(2,257)	31,720
Furniture & Equipment	3,102	-	3,102
Motor Vehicles	5	-	5
Computer Equipment	24	-	24
Other assets			
Debtors	1,790	-	1,790
Cash at bank and in hand	671	-	671
Liabilities			
Creditors due in less than one year	(788)	-	(788)
Creditors due in more than one year	(165)	-	(165)
Pensions			
Pensions – pension scheme assets	3,278	-	3,278
Pensions – pension scheme liabilities	(5,499)	-	(5,499)
Net assets/(liabilities)	<u>36,395</u>	<u>(2,257)</u>	<u>34,138</u>

Transfer in of Penketh High School on 1 May 2017

	Value reported by transferring trust £000	Fair Value Adjustments £000	Transfer in recognised £000
Tangible fixed assets			
Long Leasehold Land & Buildings	14,679	-	14,679
Furniture & Equipment	66	-	66
Computer Equipment	43	-	43
Other assets			
Debtors	130	-	130
Cash at bank and in hand	237	-	237
Liabilities			
Creditors due in less than one year	(487)	-	(487)
Creditors due in more than one year	(257)	-	(257)
Pensions			
Pensions – pension scheme assets	2,489	-	2,489
Pensions – pension scheme liabilities	(4,386)	-	(4,386)
Net assets/(liabilities)	<u>12,514</u>	<u>-</u>	<u>12,514</u>

THE CHALLENGE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 August 2017

(continued)

29 Transfer of existing academies into the Trust - continued

Transfer in of Beamont Collegiate Academy on 1 July 2017

	Value reported by transferring trust £000	Fair Value Adjustments £000	Transfer in recognised £000
Tangible fixed assets			
Long Leasehold Land & Buildings	9,892	-	9,892
Furniture & Equipment	383	-	383
Computer Equipment	278	-	278
Other assets			
Debtors	230	(15)	215
Cash at bank and in hand	1,461	-	1,461
Liabilities			
Creditors due in less than one year	(181)	1	(180)
Pensions			
Pensions – pension scheme assets	3,101	-	3,101
Pensions – pension scheme liabilities	(4,462)	-	(4,462)
	<u>10,702</u>	<u>(14)</u>	<u>10,688</u>
Net assets/(liabilities)			

Other Transfers into the Trust

Conversion of Priestley College, a Sixth Form College to a 16-19 Academy on 1 May 2017

	Value reported by converting college £000	Fair Value Adjustments £000	Transfer in recognised £000
Tangible fixed assets			
Freehold Land & Buildings	12,709	-	12,709
Furniture & Equipment	-	-	-
Computer Equipment	240	-	240
Other assets			
Debtors	202	-	202
Cash at bank and in hand	1,948	-	1,948
Liabilities			
Creditors due in less than one year	(586)	-	(586)
Pensions			
Pensions – pension scheme assets	6,968	-	6,968
Pensions – pension scheme liabilities	(7,928)	-	(7,928)
	<u>13,553</u>	<u>-</u>	<u>13,553</u>
Net assets/(liabilities)			

On 1 June 2017, Great Sankey Primary School and Sir Thomas Boleter Church of England High School converted to academy status having been within the Local Authority. Both academies entered into leases of 125 years for the property and they transferred with a surplus of £117,000 and £Nil respectively. No deficit was repayable by Sir Thomas Boteler Church of England High School.