



# The Challenge Academy Trust

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

For the period ended 31 August 2021

**THE CHALLENGE ACADEMY TRUST**  
**FINANCIAL STATEMENTS**  
**Year ended 31 August 2021**

**INDEX**

	<b>Page number</b>
Reference and Administrative Details	2
Trustees Report	3 – 25
Governance Statement	26 – 30
Statement of Regularity, Propriety and Compliance	31
Statement of Trustees' Responsibilities	32
Independent Auditors' Report on the Financial Statements to the Members of The Challenge Academy Trust	33 – 35
Independent Reporting Accountant's Assurance Report on Regularity to The Challenge Academy Trust and the Education and Skills Funding Agency	36 – 37
Statement of Financial Activities	38
Balance Sheet	39
Statement of Cash Flows	40
Notes to the Financial Statements	41 - 65

# THE CHALLENGE ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

<b>Members</b>	<p>Professor S Broomhead MBE  C Penn (Chester Diocesan Board of Education Representative)  M Mellor MBE  D Mowat  P Claus (appointed 7 January 2021)</p>
<b>Trustees</b>	<p>J Cartwright (appointed 24 June 2021)  S Davis (appointed 24 June 2021)  J Griffiths  P McEwan (appointed 15 July 2021)  J Monaghan  L Muir  A Moorcroft (CEO &amp; Accounting Officer, appointed 1 September 2020)  H Platt DL (Chair)  S Richardson  S Titchard  L Waterson  S Whatmore  S Yates</p>
<b>Central Executive Team</b>	<p>A Moorcroft, CEO of TCAT, appointed 1 September 2020  M Barclay, Principal – Padgate Academy  V Briggs, Executive Headteacher of Great Sankey Primary School and Executive Principal Primary at TCAT  J Carlin, Principal - Penketh High School  G Harris, Principal – Beamont Collegiate Academy  A Grace, Headteacher - Penketh South Primary School  J Gresty, Principal – Priestley College  T Long, Executive Principal at Bridgewater High School &amp; Executive Principal Secondary at TCAT  R Morris Brown, Headteacher – Broomfields Junior School  B Scott-Herron, Headteacher – Sir Thomas Boteler Church of England High School  S Wright, Headteacher – Meadowside Community Primary &amp; Nursery School</p>
<b>Senior Managers</b>	<p>D McGuire ACA – Finance Director  A Laing – Operations Director  B Logan – Human Resources Manager</p>
<b>Company Name</b>	The Challenge Academy Trust
<b>Principal and Registered Office</b>	Bridgewater High School, Broomfields Road, Appleton, Warrington, WA4 3AE
<b>Company Registration Number</b>	10689247 (England and Wales)
<b>Independent Auditor</b>	<p>Murray Smith LLP  Darland House, 44 Winnington Hill, Northwich, CW8 1AU</p>
<b>Bankers</b>	<p>Lloyds Bank plc  Horsemarket Street, Warrington, WA1 1TP</p>
<b>Solicitors</b>	<p>Stone King  One Park Row, Leeds, LS1 5HN</p>

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT**  
**Year ended 31 August 2021**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust currently operates 3 primary, including nursery provision, 1 junior school, 5 secondary and 1 16-19 academies in Warrington. The trust currently has capacity for 8,811 students - 1,199 primary students, 5,362 secondary students and approximately 2,250 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. The academies within the Trust operate under their own names which are: Beamont Collegiate Academy, Bridgewater High School, Broomfields Junior School, Great Sankey Primary School, Meadowside Community Primary & Nursery School, Padgate Academy, Penketh High School, Penketh South Community Primary School, Priestley College and Sir Thomas Boteler Church of England High School.

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 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 seek 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 four key areas – Strategy & Leadership, Education, Curriculum & Standards and Financial Management, Human Resources & Operations

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

Committee and Remuneration Committee. Four committees exist to help the Trust Board with this oversight. At individual academy level, the Local Governing Boards, through the scheme of delegation, oversee budgetary control, learning standards, exclusions, human resources etc. Through another scheme of delegation, the Central Executive Team (CET), made up of the CEO, key central Trust staff and the Principals/Headteachers of the academies concentrate on school improvement and human resources. Each academy has a Principal/Headteacher and a management team that the Local Governing Boards have agreed through their 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. A remuneration committee has been established to oversee the pay recommendations for all members of the central trust team. They are also represented on the CEO's Performance Review Panel and make the final decision regarding remuneration for the CEO of the Trust.

**Trade union facility time**

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations.

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
--	--------------------------------------

10

8.58

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%EB	2
1% - 50%	8
51% - 99%	-
100%	-

**Percentage of pay bill spent on facility time**

Total cost of facility time	£3,132
Total pay bill	£27,831,444
Percentage of the total pay bill spent on facility time	0.01%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	89.01%
---	--------

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**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). S Yates, a Trustee, is also a trustee PETT. 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.

**Engagement with employees (including disabled persons)**

The Trust has a number of mechanisms in which it engages with its employees. The Trust has a Joint Consultation & Negotiation Committee as part of its trade union recognition agreement. Meetings occur regularly where it allows employees input in policy creation and adoption and a forum to discuss wider issues relating to health, safety and well-being. The Trust has also been implementing a well-being policy, events and other benefits across all the academies in addition to well-being activities already undertaken by those academies.

The Trust has created 29 different hubs which have differing remits to bring staff across the Trust to work together and improve the overall performance of the Trust and the individual academies. A communication strategy has also been delivered which shows how these hubs feed into the overall management of the Trust. Also, as part of that strategy, there is a monthly newsletter that is sent to all employees. The hubs are listed below under the headings of Primary, Secondary & Post 16, Cross Phase and Operations.

<b>PRIMARY</b>	<b>SECONDARY &amp; POST 16</b>	<b>CROSS PHASE</b>	<b>OPERATIONS</b>
Headteachers	Headteachers	PE & Sport	Business & HR
Curriculum, Assessment & Outcomes	Curriculum, Assessment & Outcomes	Safeguarding	Estates
Early Years	Pastoral	Transition	Finance
English	English	SEND	IT
Maths	Maths	Personal Development	
	Science	Behaviour & Welfare	
	History	Teaching & Learning	
	Geography		
	Computer Science		
	Modern Foreign Languages		
	Careers & Aspiration		
	Literacy		
	Music		

The Challenge Academy Trust is aware of its obligations under the public sector equality duty to:

- Eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Engagement with employees (including disabled persons) - continued**

As such, the Trust has to a duty to promote disability equality by eliminating discrimination and harassment, promoting equality of opportunity between disabled and non-disabled people, and take steps to take account for disabled persons' disabilities in employment. Each of the academies within the Trust recruits in line with a recruitment and selection code of practice, which provides a framework to ensure that the best person for a job is recruited, and that any unfair or unlawful discriminatory practices are eliminated. We are also committed to supporting employees in overcoming the practical effects of their disability by way of making reasonable adjustments to their role, working arrangements and/or their working environment which are kept under regular review in full consultation with employees. The Trust's equality and diversity practices are underpinned by its Equality Information and Objectives statement which is reviewed annually.

**Engagement with suppliers, customers and others in a business relationship with the Trust**

The Trust has a clearly defined set of Financial Regulations which detail how procurement should be undertaken. These regulations take account of public sector procurement guidance. Suppliers are paid as soon as possible following satisfactory supply.

The Trust has a complaints policy which is available for all customers or other businesses that the Trust has relationships with. In addition, the Trust views itself as very much part of the local community of Warrington and works with local representation to further improve the community as a whole.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The Trust's object is to advance, for the public benefit, education in the United Kingdom by establishing, 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. Such provision should be enhanced by the unique opportunities for collaboration and development a cross phase trust provides.

**Vision, Objectives, Strategies and Activities**

TCAT's core purpose is to be a community trust serving the young people and their local community. TCAT is a trust with a strong moral purpose that aims to be inclusive to all young people regardless of the background, achievement, faith, sexuality or disadvantage.

Our vision is to provide exciting and inclusive opportunities for every single learner entrusted in our care. We want all learners to receive an outstanding modern education delivered by motivated, passionate and well trained staff. This vision is delivered through strong and focused collaboration and innovative partnerships. TCAT aims to provide an environment in which every young person is nurtured, challenged and inspired to achieve the very best for themselves and their communities.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Vision, Objectives, Strategies and Activities - continued**

**Mission**

Our mission is *to serve, challenge and empower the educational community*. We enact our mission by providing highly effective services to our academies, supporting strong leadership, investing in the workforce and inspiring our children and young people. All of our work is underpinned by a set of core values, they are:

- Inclusivity & social justice
- Educational Excellence
- Collaboration & interdependence
- Challenge & service
- Care & sustainability
- Celebrating difference

These values inform everything we do as a trust and all of our services and working practices are designed around these concepts. TCAT is a unique trust, being the first in the country to include primary and secondary academies together with a Sixth Form College. TCAT also includes a Church of England High School, Sir Thomas Boteler, whose faith foundation is assured through representation from the Dioceses of Chester and Liverpool.

As an inclusive MAT with a strong moral purpose we are committed to providing an environment and education where every young person is nurtured, challenged and inspired to achieve the very best for themselves and their communities. Young people are at the heart of everything we do.

**Strategic Objectives**

Our strategic objectives are focused around the development of pupils, people and performance.

<b>People</b>	<b>Pupils</b>	<b>Performance</b>
Networks & communication	Academic excellence	Academy standards
Professional development	Inclusivity	Financial Stability
Diversity & faith	Disadvantaged	Sustainability
Well-being & safeguarding	Well-being & safeguarding	Buildings & resources
Talent management/succession planning	Challenge	Technology & communications

**Significant Developments in 2020/2021**

- A Moorcroft, previously the Trust's Director of School Improvement, was appointed to the role of CEO commencing on 1<sup>st</sup> September 2020.
- A new mission statement, 'To serve, challenge and empower the educational community' was published to refresh our vision and values.
- The Trust has grown the capacity of its central office team with V Briggs as Executive Principal Primary and T Long as Executive Principal Secondary two days a week. T Hatton and F Allen from Bridgewater High School are seconded for a day a week to support, coordinate and lead on Safeguarding.
- A Communication Strategy was developed to improve the flow of information across the Trust.



**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Significant Developments in 2020/2021- continued**

- Academies responded to the pandemic in ensuring a high-quality online offer was given to all students. Academies supported vulnerable students and key worker's children in ensuring attendance and access, as well as leading out on the significant logistical challenge of conducting testing across all secondaries. Over 1600 laptops were secured to support with remote learning and the Trust has played a central role in the Laptop for Kids programme, coordinated across Cheshire which has recently received an award from the High Sheriff of Cheshire.
- Trust colleagues played a significant part of supporting the NHS with the production of respiratory equipment and PPE in response to the COVID-19 pandemic.
- Education Connect, the Professional Development arm of the Trust, led out on a number of key training sessions for colleagues within the trust and beyond, including a large joint project around SEND with the Local Authority and a Headteacher Well-being ~Strategy.
- Penketh South completed the refurbishment of the building exterior, resulting in a full modernisation of its look.
- Meadowside Primary experienced severe flooding, resulting in damage to the building throughout. A full refurbishment took place during the summer term.
- Consultation around an expansion of the Bridgewater High School site was concluded successfully and building work on a £5m development has commenced
- Staffing restructures took place across Penketh South, Penketh High School and Padgate Academy.
- Following a competitive tendering process, a new HR system, Civica, was launched across the trust and a new payroll provider, EPM, were successfully procured.
- The partnership with Oxford University has continued to develop in 2020/21 with a series of professional development activities being run alongside activities for pupils and learners from primary, secondary and the Sixth Form College. A hybrid model has been developed to enable wider participation and involvement.
- The TCAT Reads strategy was launched to support with the literacy needs of all our young people. This is built upon robust evidence informed practice and led out by two lead practitioners seconded from their schools for 1 day per week, one representing primary, the other secondary and Post-16.
- Penketh High were awarded a national TES award for Maths Team of the Year.
- A TCAT Festival of Diversity, sponsored by the River Reeves Foundation and Barclays, saw young people from across the Trust share photography, dances, art, films, music and prose to celebrate the differences amongst us all. This was a significant event in which all stakeholders were part of.
- In September 2021, Great Sankey Primary School was inspected by Ofsted under Section 8 of the Education Act and was judged to be still providing a 'good' educational offer

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Significant Developments in 2020/2021- continued**

- In October 2021, Sir Thomas Boteler Church of England High School was inspected by Ofsted under Section 5 of the Education Act and was judged to be providing a 'good' educational offer. This was the first time the school has been judged to be good in its history after the previous Ofsted inspection in 2014 judged the school to be inadequate.

**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**

This is the fifth year of reporting on results. It is important to remember that this year, as with last year, was impacted by the coronavirus pandemic. The Trust has been focussed from day one on improving the quality of education that all learners in TCAT receive. This is the key to both improved outcomes and to the long term financial viability of the Trust. It is therefore pleasing to see that this strategy continues to bear fruit.

**A) Primary outcomes**

The 2020/21 national curriculum assessments did not take place due to the coronavirus (COVID-19) pandemic.

This meant the following assessments planned between April and July 2021 were cancelled:

- end of key stage 1 and key stage 2 assessments (including tests and teacher assessment)
- phonics screening check
- multiplication tables check
- science sampling tests
- all statutory trialling

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Achievements and Performance - continued**

As a consequence, all schools ceased any further activities to prepare for the assessments, however it was agreed that all primary schools within the Trust would carry out the full suite of assessments to support with measuring progress internally. Primary school performance measures have not been published for the 2020/21 academic year.

The Primaries worked closely together on their teacher assessment and predictions to share with the high schools as part of the transition in moving to KS3 for all Y6 pupils. The following tables demonstrates the outcomes based on teacher assessment up to the end of the academic year 2021. There are no comparisons against previous outcomes or national data however, the data set for previous published results has been included for information.

<b>Early Years Foundation Stage Good Level of Development (GLD)</b>	
Great Sankey Primary	84%
Meadowside Primary	43%
Penketh South Primary	56%

<b>Phonics (Year One)</b>	
Great Sankey Primary	90%
Meadowside Primary	48%
Penketh South Primary	53%

<b>End of Key Stage One</b>						
	<b>No. of pupils</b>	<b>Reading (ARE+)</b>	<b>Writing (ARE+)</b>	<b>Maths (ARE+)</b>	<b>EGPS (ARE+)</b>	<b>RWM comb</b>
Great Sankey Primary	42	71%	67%	67%	69%	57%
Meadowside Primary	30	57%	43%	47%	/	/
Penketh South Primary	28	77%	68%	75%	75%	68%

<b>End of Key Stage Two</b>						
	<b>No. of pupils</b>	<b>Reading (ARE+)</b>	<b>Writing (ARE+)</b>	<b>Maths (ARE+)</b>	<b>EGPS (ARE+)</b>	<b>RWM comb</b>
Broomfields Junior	90	84.4%	83.3%	75.6%	82.2%	67.8%
Great Sankey Primary	45	80%	80%	67%	89%	62%
Meadowside Primary	29	49%	55%	55%	55%	41%
Penketh South Primary	29	76%	69%	72%	79%	62%

The outcomes overall show that the lockdown has impacted on the children. Across all stages, there has been a decline based upon the teacher assessments. The outcomes for the primary academies within the Trust very much reflect the findings of the **White Paper: effects of education disruption on primary school attainment in summer 2021**:

1. KS1 are most in need of support
2. Reading 'close' to prior attainment for years 2 to 6, but year 1 are still behind
3. Year 6 further behind in grammar, punctuation and spelling
4. Younger pupils up to 3 months behind in maths
5. Had the National Tests been held this year, it is likely only reading would have had a similar number of pupils reaching the expected standard.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Achievements and Performance – continued**

**Priorities 2021-22**

To ensure achievement and progress across the Trust prevails during the next academic year, the following issues need to be addressed:

- To ensure a smooth and effective transition takes place within MS and PS as they adapt to the new Early Years Framework, alongside GSP sustaining transition. Work must also continue to ensure that pupils who were assessed as not meeting the EYFS ELG are supported within Y1 to meet all goals whilst achieving Y1 outcomes
- Ensure phonics outcomes at PS and MS increase
- Increase the number of pupils meeting the expected levels in reading, writing and maths at the end of KS1, with a specific focus on maths and ensuring those children moving into Y3 are targeted to ensure Y2 outcome are secured
- Further raise standards in maths at the end of KS2 to ensure all groups achieve at a consistent high level
- Raise % on track for writing and maths for the new Y6 cohort across the trust to ensure RWM combined increases

**B) Secondary outcomes**

The Government has announced that it will not publish any school or college level educational performance data based on tests, assessments or exams for 2020, and 2021. This is because in 2020 there were Centre Assessment Grades (CAGs) and in 2021 there were Teachers Assessed Grades (TAGs).

It is widely recognised that the inconsistent grade inflation across both GCSEs and A levels has made comparative analysis effectively meaningless. In terms of the unprecedented increase in grades the following has been recorded:

- Among 16-year olds in England, Wales and Northern Ireland, the percentage of entries graded 7 or above has increased from 27.7% in 2020 to 30.2%. In 2019 it was 21.9%.
- At grade 4/C or above, the percentage has increased from 69.9% in 2019 to 79.1% in 2021. In 2020, it was 78.9%.
- Subjects with the highest number of entries have seen smaller increases. English literature, maths and double award science have seen boosts of just 10.5, 6.8 and 9.2 percentage points since 2019.
- The percentage awarded grade 7 or above increased from last year in almost every subject. But the increases between 2019 and 2021 tend to be smaller than at grade 4.
- In 2019 there was a 6.7 percentage point difference in entries graded 7 and above between boys and girls. This increased to 9.2 percentage points in 2021.

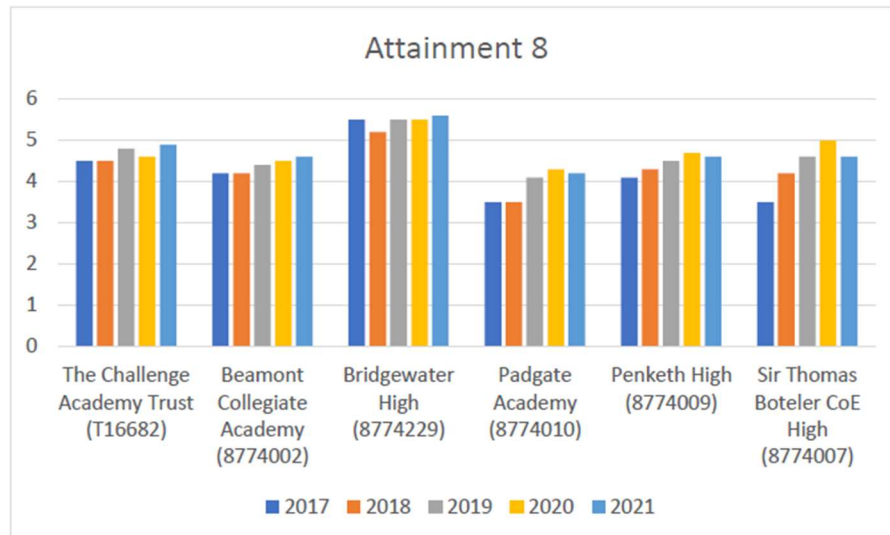
Therefore, whilst it would be both fruitless and arguably absurd to make national comparisons where there is no valid comparator, there is some value to looking at the attainment across the Trust, where maths remains the priority.

However, in doing so we must also be cautious and avoid over concluding on the significance of attainment data. Attainment data shows what a student achieved with no reference to their starting points. It doesn't show relative progress. Therefore, broadly you would expect that the schools with higher attainment upon entry at KS2 will go on to achieve higher attainment at KS4. Having accepted this important caveat, attainment in the core areas across the trust is detailed in the following tables:

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

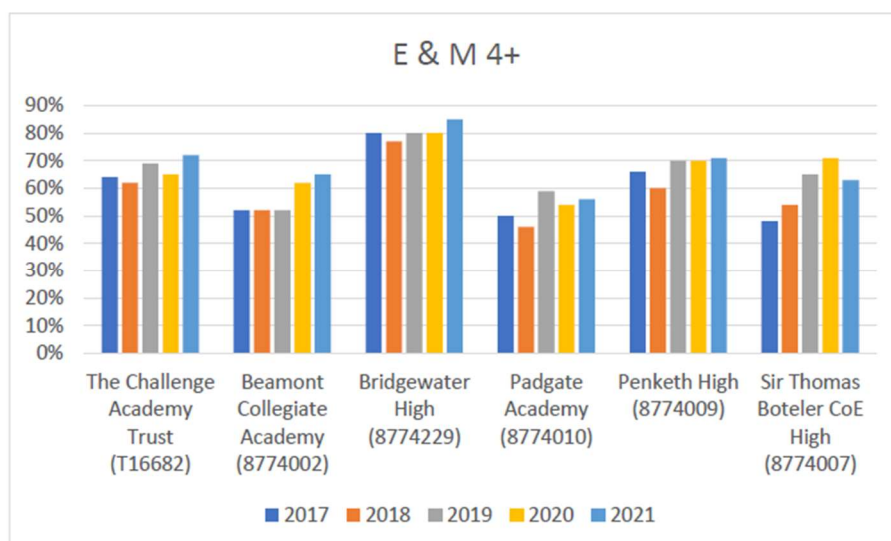
**Achievements and Performance – continued**

**Attainment 8**



	2017	2018	2019	2020	2021
The Challenge Academy Trust	4.5	4.5	4.8	4.6	4.9
Beamont Collegiate Academy	4.2	4.2	4.4	4.5	4.6
Bridgewater High	5.5	5.2	5.5	5.5	5.6
Padgate Academy	3.5	3.5	4.1	4.3	4.2
Penketh High	4.1	4.3	4.5	4.7	4.6
Sir Thomas Boteler CoE High	3.5	4.2	4.6	5	4.6

**The BASICS English & Maths 4+**



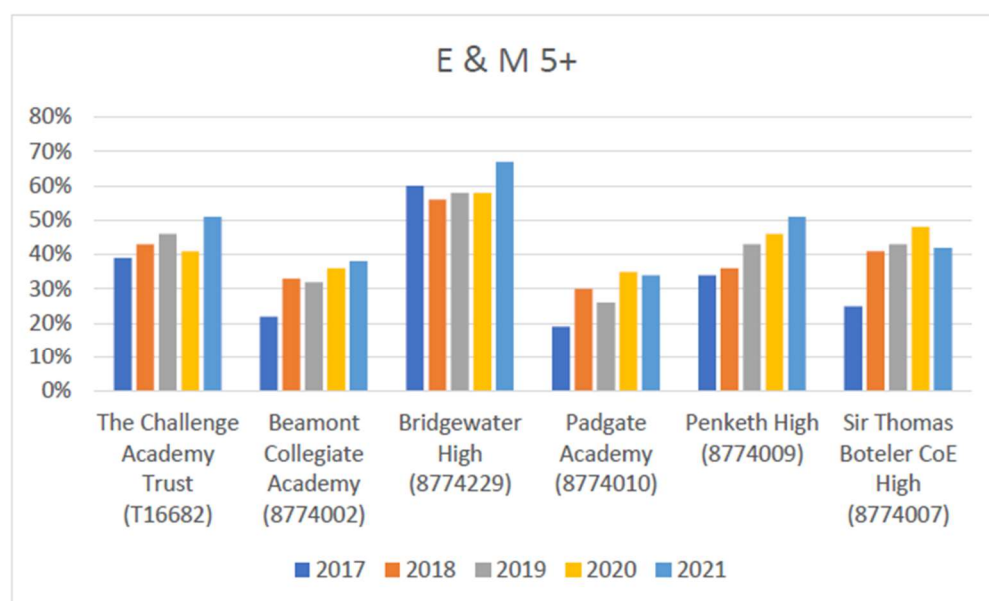
**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Achievements and Performance – continued**

**The BASICS**

<b>E&amp;M 4+</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
The Challenge Academy Trust (T16682)	64%	62%	69%	65%	72%
Beamont Collegiate Academy (8774002)	52%	52%	52%	62%	65%
Bridgewater High (8774229)	80%	77%	80%	80%	85%
Padgate Academy (8774010)	50%	46%	59%	54%	56%
Penketh High (8774009)	66%	60%	70%	70%	71%
Sir Thomas Boteler CoE High (8774007)	48%	54%	65%	71%	63%

**The BASICS English & Maths 5+**

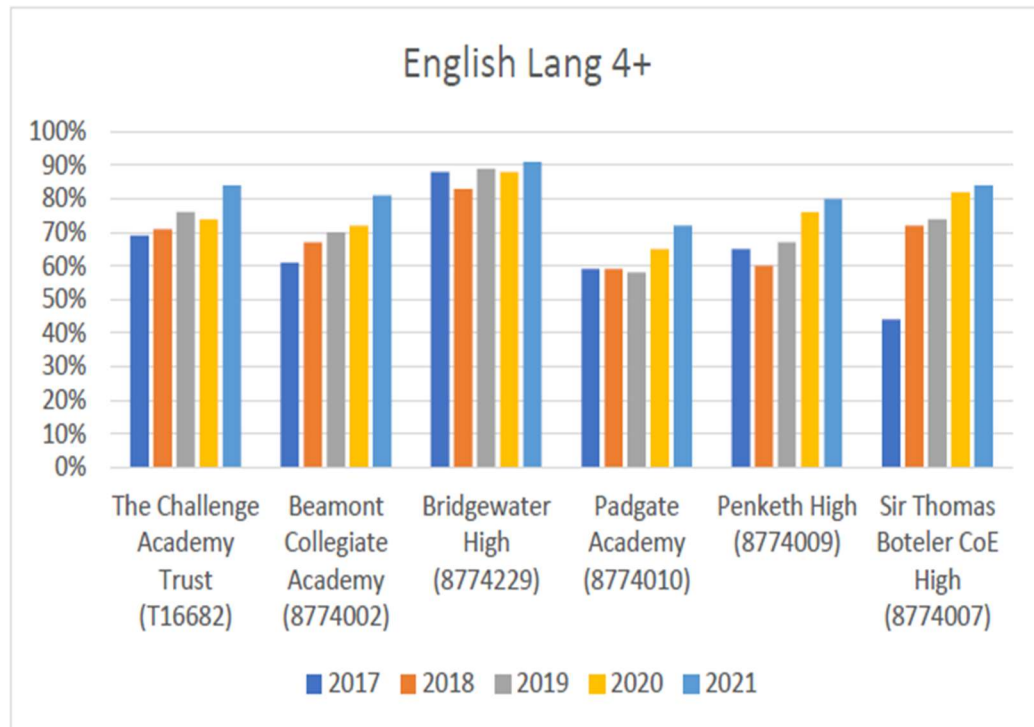


<b>E&amp;M 5+</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
The Challenge Academy Trust (T16682)	39%	43%	46%	41%	51%
Beamont Collegiate Academy (8774002)	22%	33%	32%	36%	38%
Bridgewater High (8774229)	60%	56%	58%	58%	67%
Padgate Academy (8774010)	19%	30%	26%	35%	34%
Penketh High (8774009)	34%	36%	43%	46%	51%
Sir Thomas Boteler CoE High (8774007)	25%	41%	43%	48%	42%

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Achievements and Performance - continued**

**English Language GCSE 4+**

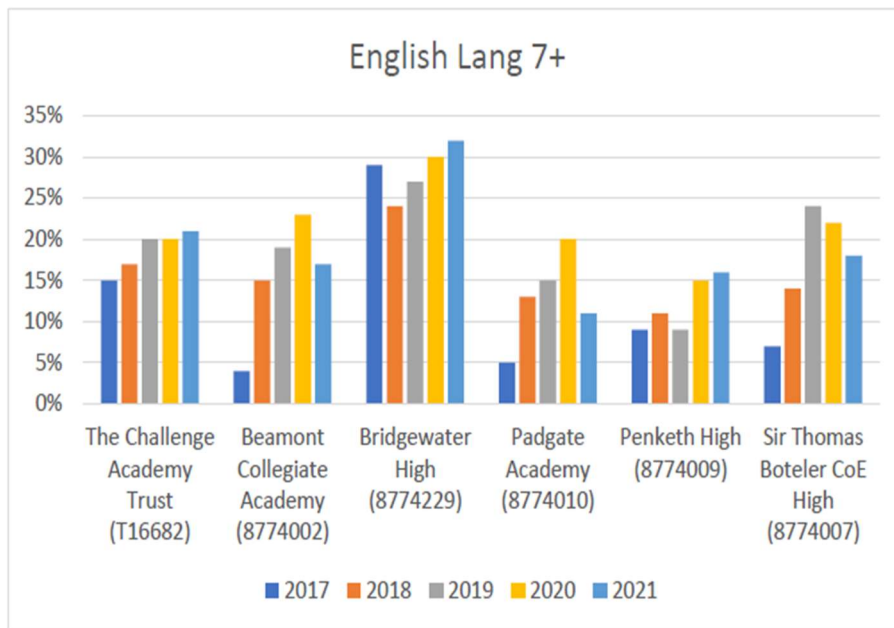


% Grade 4+	2017	2018	2019	2020	2021
The Challenge Academy Trust	69%	71%	76%	74%	84%
Beamont Collegiate Academy	61%	67%	70%	72%	81%
Bridgewater High (8774229)	88%	83%	89%	88%	91%
Padgate Academy (8774010)	59%	59%	58%	65%	72%
Penketh High (8774009)	65%	60%	67%	76%	80%
Sir Thomas Boteler CoE High	44%	72%	74%	82%	84%

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Achievements and Performance – continued**

**English Language GCSE 7+**



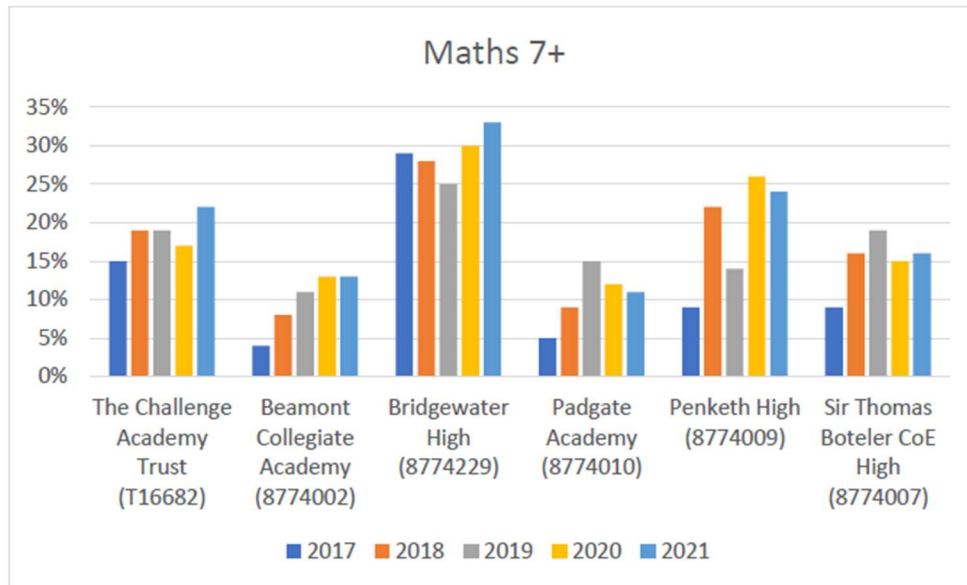
% Grade 7+	2017	2018	2019	2020	2021
The Challenge Academy Trust (T16682)	15%	17%	20%	20%	21%
Beamont Collegiate Academy (8774002)	4%	15%	19%	23%	17%
Bridgewater High (8774229)	29%	24%	27%	30%	32%
Padgate Academy (8774010)	5%	13%	15%	20%	11%
Penketh High (8774009)	9%	11%	9%	15%	16%
Sir Thomas Boteler CoE High (8774007)	7%	14%	24%	22%	18%



**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Achievements and Performance – continued**

**Maths GCSE 7+**

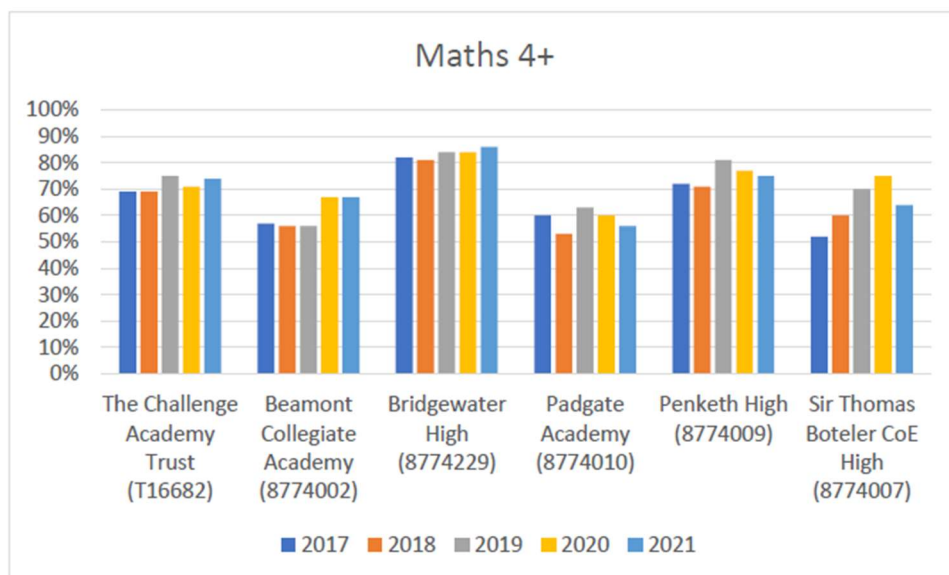


% Grade 7+	2017	2018	2019	2020	2021
The Challenge Academy Trust	15%	19%	19%	17%	22%
Beamont Collegiate Academy	4%	8%	11%	13%	13%
Bridgewater High	29%	28%	25%	30%	33%
Padgate Academy	5%	9%	15%	12%	11%
Penketh High	9%	22%	14%	26%	24%
Sir Thomas Boteler CoE High	9%	16%	19%	15%	16%

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Achievements and Performance – continued**

**Maths GCSE 4+**



% Grade 4+	2017	2018	2019	2020	2021
The Challenge Academy Trust	69%	69%	75%	71%	74%
Beamont Collegiate Academy	57%	56%	56%	67%	67%
Bridgewater High	82%	81%	84%	84%	86%
Padgate Academy	60%	53%	63%	60%	56%
Penketh High	72%	71%	81%	77%	75%
Sir Thomas Boteler CoE High	52%	60%	70%	75%	64%

**Priorities 2021-2022**

To ensure achievement and progress across the Trust prevails during the next academic year, the following issues need to be addressed:

- Ensure that there are robust processes in place to fill any curriculum gaps arising due to covid; these should then be triangulated with the Lead Practitioner Reviews for EBACC subjects
- Ensure at KS3, that baseline testing enables us to track the effectiveness of reading interventions to ensure that pupils with below age expected reading scores are able to access the curriculum effectively
- In maths, ensure that the curriculum design and associated pedagogy best secure medium and long term improvements in outcomes, starting at KS3
- As further data analysis is provided nationally by, for example, FFT ensure that sensible and tempered conclusions are drawn given the context of grade inflation (2020 & 2021)
- Through the use of standardising testing across the Trust, establish reliable KPIs to measure progress.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Achievements and Performance - continued**

**C) Post 16 outcomes**

The results should be considered in the context of exams being cancelled and the Teacher Assessed Grade (TAG) approach awarding grades. The College, as with all TCAT Academies, followed a robust process.

**Priestley College Overview 2021**

<b>A Levels - Entries</b>	<b>Number of Entries</b>	<b>%</b>	<b>BTECs</b>	<b>Count</b>	<b>%</b>
A*-A	305	29.0%	D* - D	979	50.3%
A* - B	565	53.7%	D* - M	1513	77.8%
A* - C	827	78.5%	D* - P	1943	99.9%
A* - E	1045	99.2%	Fail	2	0.1%

College Summary of Results (3 years)			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
A level A-E	99.40%	99.90%	99.15%
A level A*-B	42.93%	51.30%	53.61%
Alps	5	2	
AS level A-E	86.50%	93.70%	93.94%
AS level A-B	33.18%	38.69%	43.45%
Alps	5	3	
Level 2 Diploma / Certificate	95.55	94.50%	93.58%
Level 3 Certificate	89.30%	97%	96.59%
Level 3 Diploma	99.74%	98.50%	100.00%
Level 3 Extended Diploma	99.88%	99.50%	99.54%
All BTEC Alps	6	5	
GCSE Maths 9-4	42.70%	56.84%	62.42%
GCSE English 9-4	53.70%	63.87%	73.04%

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**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 CEO, responsible for academy improvement, 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 scorecards are shared with Trustees and Local Governing Bodies on a regular basis.

**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.

**Promoting the success of the Trust**

The Trust is very much part of the local community and respects its position within the community. It works to help and serve the young people and their families through providing a safe environment for them to learn and provide access to as many members of the local community. The Trust engages with the Local Authority and local representatives to help the local community. Through activities involving the students e.g. TCAT Concert, TCAT Parliament, all children in the Trust have an opportunity to showcase their talents or help promote local issues within the Trust.

The Trust realises the importance of its position and therefore it has full consideration of the impact of any decision. It follows a robust process of consideration through its governance process at both a local academy level and at a Trust level. The reputation of the academies is key to the ability to attract students each year. The Trust therefore has developed policies and processes to ensure that the Trust maintains its reputation in the local community.

**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. With all of the uncertainty and additional costs as a result of the pandemic, the Trust worked hard to ensure that it did not impact on the delivery of education to all of our students whilst trying to not allow expenditure to increase. The Trust created support across all of the academies to allow them to focus on the education of their students.

The Trust's overall performance resulted in an operational surplus of £1,413,000 (2020 – Surplus £185,000) after excluding FRS17 adjustments and depreciation.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**FINANCIAL REVIEW - continued**

The Trust is pleased with its financial performance during a very difficult year. At the start of the financial year, there were three academies with deficits. Padgate Academy has now cleared its historical deficit. The academy joined the Trust following a rebrokerage process. The academy met its financial plan which was helped by the in-year funding agreed as part of the rebrokerage. The in-year funding has now ceased and a financial plan is in place to ensure that the academy does not face the same financial issues again. It is important that the academy increases the number of students within the academy. The other two academies followed their plans with both having a break-even operational position. Penketh High School completed two restructures during the year, one of which had been delayed due to the pandemic in the previous year. The restructures have put Penketh High School on a stronger financial trajectory. The academy however now faces a new challenge in 2021/22 due to a high growth in student numbers, including in-year growth. Due to the ESFA's lagged funding policy, funding will not be received until 2022/23, and in the case of some of the in-year growth, until 2023/24. This may slow Penketh High School's financial recovery. Penketh South Primary School was severely impacted by the pandemic. The academy is the smallest academy within the Trust and, due to the break-even position of the academy, it undertook a small restructure to help ease the financial pressures it faces. The academy is still only at break-even and needs to look to increase its student numbers in order to maintain its break-even position.

The Trust recognises that the academies face challenges this year with the pandemic and the steps the academies have had to take to be able to remain open. In addition, the Trust realises that some of the academies will face challenges over the next couple of years to recover from their deficits and additional costs at this time. 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. The Trust continues to seek opportunities to drive through cost savings.

**Impact of Coronavirus Pandemic**

Following the first lockdown starting in March 2020, the Trust undertook a review of how the Trust handled that period and sought to identify the opportunities that arose from it and also the areas for improvement. The Trust was able to use this review to respond quickly to the winter 2021 lockdown, increased restrictions in the local area and the cancellation of the exams and introduction of the Teacher Assessed Grades process. The opportunities identified have been shared across the Trust and are primarily focussed on how the delivery of education to the young people can be enhanced.

In the previous year, the largest impact to the Trust was on the availability of access to devices for students. The government scheme of providing devices for disadvantaged students helped to ease some of the issue. In order to build further resilience, the Trust has come together with the Local Authority, local youth community groups and the Lord Lieutenant of Cheshire and his deputies, to create a scheme where businesses can donate old devices which are then refurbished and made available for young people across all Warrington schools. The scheme will hopefully provide more resilience in future years.

Income generating activities were impacted again. The uptake in lettings, purchase of school meals in those academies with in-house catering, and other income streams have been slow to return to pre-pandemic levels. The Trust continues to look for ways of increasing its other income streams.

The Trust has forecast a budget surplus for the year ended 31 August 2022. However, the budget has already come under strain due to the impact of the pandemic. As the year processes into winter, the number of positive cases has increased amongst both staff and students. The cost of supply cover is rising at a rate higher than seen before due to supply and demand issues. The level of cover required

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Impact of Coronavirus Pandemic - continued**

is also increasing compared to the same period last year. This could put further pressure on the budgets for the year. The Trust continues to look at ways to reduce the additional costs of operating e.g. bulk buying, greater information exchange on needs and suppliers. The Trust is continuing to work to maintain the finances of the Trust.

**Capital Investment**

Due to the size of the Trust, it receives School Condition Allocation Funding (SCA) for condition/capital works. The income is received over the summer months and as a result, £2.03 million is currently showing in deferred income.

The Trust, using the Health & Safety Report and the ten-year School Condition survey report, prioritised a schedule of works across the Trust's estate. The projects have been combined where synergies arise and tendered. A programme of works is scheduled for the next couple of years, as long as the SCA remains in place.

In addition to the SCA funding, the Trust also received funding for two other projects from other sources – a development of specialist nursery space at Meadowside Community Primary & Nursery School which completed in the year and s106 funding at Bridgewater High School to build an extension to its building in order to accommodate another 360 students over the next five years. The enabling works for the extension commenced in year and are shown as Assets under Construction in the Tangible Fixed Assets note (Note 12, page 53). The contract for the extension was signed in August 2021 and the value of the contract is included in the Capital Commitments note (Note 18, page 58).

**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. Whilst commercial benchmarks are not directly relevant to the Trust's charitable aims, to ensure financial stability, the Trust will work towards creating an ongoing surplus equivalent to one month's expenditure which is a suggested commercial standard.

At 31 August 2021, the Trust had Unrestricted Reserves of £2,210,000 (2020 - £1,642,000), Restricted General Reserves of £1,138,000 (2020 - £293,000), Restricted Pension Reserve deficit of £21,502,000 (2020 - £14,614,000) and a Fixed Asset Reserve of £105,228,000 (2020 - £105,945,000). Nine of the ten academies within the Trust operated at a cash surplus budget within the year. The Trust continues to work to bring all academies to financial health.

**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 has identified the advantages of pooling surplus cash flows across the academy to generate additional interest receivable and currently discussions are taking place with banks and a policy document being written to control how those monies are invested. 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

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**Investment Policy – continued**

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.

**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 the following main headings and their identified risk to the Trust:

Area	Overall Assessment
National Initiatives	Medium
Local Risks	Medium
Safeguarding	Medium
Estates and Facilities	Low
Human Resources	Medium
Curriculum & Quality	Medium
Legal & Insurance	Low
Financial & Audit	Medium
FIS/MIS/IT Systems	Medium
Sponsorship of STB/Padgate	Medium
Leadership/Governance	Low
Funding Contracts	Medium

For all risks identified, the risk management plan 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 plan is reviewed at every audit committee ensuring that the plan is a live document at the heart of operations.

**FUNDRAISING**

The Trust does not employ, or have a contract for services with, a professional fundraiser. The Trust seeks to generate additional income from its assets but does not actively seek donations or sponsorships. Academies within the Trust may have active Parent Teacher Associations that fundraise for the specific academy. The Headteacher is represented at the Association and any fundraising activities would be scrutinised and restricted where necessary. Any promotion of fundraising activities is restricted to the parents and families of students at the academies and not promoted beyond that point. All Association fundraising monies are held in a separate account outside the control of the Trust. The Association then approve funds and transfers the funds to the academies. The academies also look at corporate schemes to apply for donations for specific projects that meet the funding criteria.

## THE CHALLENGE ACADEMY TRUST

### TRUSTEES REPORT (continued)

Year ended 31 August 2021

#### STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data for the period	1 Sept 2020 to 31 Aug 2021	1 Sept 2019 to 31 Aug 2020
Energy consumption used to calculate emissions (kWh)	9,477,099	7,810,842
Energy consumption break down (kWh)		
Gas	6,176,132	4,490,902
Electricity	3,287,260	3,290,200
Transport fuel	13,707	29,740
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	1131.22	825.74
Owned transport – mini-buses	3.08	6.35
<u>Total scope 1</u>	1134.3	832.09
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	697.98	767.08
<u>Scope 3 emissions in metric tonnes CO2e</u>		
<u>Business travel in employee owned vehicles</u>	1.16	1.80
Total gross emissions in metric tonnes CO2e	1832.73	1,600.97
<u>Intensity ratio</u>		
Tonnes CO2e per pupil	0.23	0.21

#### Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

#### Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

#### Measures taken to improve energy efficiency

The Trust already has introduced energy saving steps e.g. double glazing, replacing oil fired boilers, replacement of boilers with more modern efficient boilers whilst reducing the number of boilers, fitting of LED lighting. It uses the capital funding to improve energy efficiency wherever possible. In August 2021, the Trust installed further LED lighting at three academies which are being financed via Salix Loans. The Trust is exploring further opportunities for other projects e.g. more LED lighting and solar panels. All academies have smart meters. Meetings are now held online which has reduced the need to travel between academies. The Trust has recently replaced many of its ageing minibuses for greener vehicles. One academy had its heating system completely replaced during the year which has seen reduced the number of boilers in use and improved efficiency. As part of its overall strategy, the Trust has begun looking at a sustainability strategy to be put in place later this year.

#### PLANS FOR FUTURE PERIODS

TCAT will continue to drive up standards and school improvement through collaboration and plans for 2020/21 include:

1. Seeking opportunities for growth with schools that share our ethos and vision
2. Continue to work on the financial recovery of Sir Thomas Boteler Church of England High School, Penketh High School and Padgate Academy.



## **THE CHALLENGE ACADEMY TRUST**

### **TRUSTEES REPORT (continued)**

**Year ended 31 August 2021**

#### **PLANS FOR FUTURE PERIODS - continued**

3. Continuing to invest the School Condition funds to address immediate health and safety and condition issues as identified in our comprehensive health and safety and school condition reports.
4. Further development of the work with the joint agreement with partners such as Oxford University, Warrington Wolves, local business, universities and Warrington & Co to support the needs of the young people in the town and to serve the wider community.
5. Develop the HR support available to our academies by developing further policies, training and a well-being portal for staff.
6. Complete the expansion and subsequent extension for Bridgewater High School funded via Warrington Borough Council.
7. Seek capital & revenue funding to support the growth at Penketh High School.
8. Deliver training and the suite of National Professional qualifications as Area Lead for the Generate Teaching School Hub.
9. Provide support and training to a range of schools external to TCAT on behalf of the Department for Education Trust & School Improvement offer.
10. Implement our Sustainability strategy

#### **POST BALANCE SHEET EVENTS**

In September 2021, Great Sankey Primary School was subject to a Section 8 inspection visit by Ofsted and it was judged to still be providing a 'good' educational offer. In October 2021, Sir Thomas Boteler Church of England High School was subject to a Section 5 inspection visit by Ofsted and it was judged to be providing a 'good' education offer. The previous Ofsted inspection in 2014 judged the academy as 'inadequate'.

The extension at Bridgewater High School, referred to earlier in the Capital Investment section, commenced construction in October 2021.

#### **FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Trust, through its academies, holds monies paid in advance, for educational trips or for catering accounts. The funds are held in a separate bank account and either used to pay for the trip or pay for meals purchased. Any balances at 31 August 2021 are included in Other Creditors.

Priestley College, being a 16-19 academy, receives funds from the ESFA from the 16-19 Discretionary Bursary fund and also the Vulnerable Students Bursary Fund. Priestley College manages the bursary funding and directs bursaries to eligible students. Any unspent bursary funding in the year is carried forward in other creditors and used the following year.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2021**

**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.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 9 December 2021 and signed on the board's behalf by:

  
A handwritten signature in dark ink, appearing to read 'H Platt', is written above a horizontal line.

**H Platt**  
Trustee

9 December 2021

# THE CHALLENGE ACADEMY TRUST

## GOVERNANCE STATEMENT

### Year ended 31 August 2021

#### 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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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 4 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)	4	4
J Cartwright – appointed 24 June 2021	1	1
S Davis – appointed 24 June 2021	1	1
J Griffiths	1	4
P McEwan – appointed 15 July 2021	1	1
A Moorcroft (CEO and Accounting Officer) – appointed 1 September 2020	4	4
J Monaghan	3	4
L Muir	1	4
S Richardson	4	4
S Titchard	3	4
L Waterson	4	4
S Whatmore	4	4
S Yates	4	4

The board continually reviews itself and considers whether any changes are required and appropriate appointments are made. The internal auditors review of governance within the trust reported that they considered corporate governance as 'strong' with no recommendations of any nature.

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

- Consider the funding of the Trust
- 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)**  
**Year ended 31 August 2021**

The committee met five times since 1 September 2020. The attendance and membership of the committee was:

	<b>Meetings Attended</b>	<b>Out of a possible</b>
<b>Trustee Members</b>		
H Platt (Chair of Trust)	5	5
A Moorcroft (CEO and Accounting Officer)	5	5
J Monaghan	4	4
S Titchard (Chair of Committee)	5	5
L Waterson	4	5
S Whatmore	5	5
<b>Co-opted Members</b>		
A Pailing	4	5
G Bratley	5	5

J Monaghan stepped down from the committee during the year but continued to serve as a Trustee.

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

The committee has met four times since 1 September 2020. A meeting was postponed from the previous year due the pandemic lockdown and was held early in the year. The attendance and membership of the committee was:

	<b>Meetings Attended</b>	<b>Out of a possible</b>
<b>Trustee Members</b>		
H Platt (Chair of Trust)	4	4
A Moorcroft (CEO and Accounting Officer)	3	4
L Waterson (Chair of Committee)	4	4
S Whatmore	4	4
<b>Co-opted Members</b>		
P Dyke	2	4
A Farquharson	2	4

The Quality and Standards committee is a committee of the main board of trustees. Its purpose is to:

- Review the curriculum offered by the academies
- Review the standards achieved by the academies
- Review student achievement
- Setting and reviewing any admissions policy

**THE CHALLENGE ACADEMY TRUST**  
**GOVERNANCE STATEMENT (continued)**  
**Year ended 31 August 2021**

The committee has met 3 times since 1 September 2020. The attendance and membership of the committee was:

	<b>Meetings Attended</b>	<b>Out of a possible</b>
<b>Trustee Members</b>		
H Platt (Chair of Trust)	1	3
J Griffiths	1	3
L Muir	2	3
S Richardson	1	3
S Yates (Chair of Committee)	3	3
<b>Co-opted Members</b>		
P King	2	3
C Roper	1	3
C Williams	3	3

The Remuneration Committee meets once in the year. There was full attendance at the meeting.

### **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 year by:

- Continued review of services provided by the Local Authority across the Trust, services are being tendered towards the end date of contracts and negotiated for better value agreements.
- Utility contracts are being switched for a number of academies as part of an ongoing process of bringing all academies together under one contract in order to offer opportunities in the future for negotiation
- Negotiation of Trust wide discounts or passing of common supplier information through the Trust to improve buying returns.
- The Trust ran a number of tender opportunities in 2020/21 e.g. outsourced cleaning, payroll service provider, HR advice service which generated further cost savings.
- During 2021/22, the process of continuing to look at merging services across the Trust and tendering those services to generate further savings and improvements in service.

### **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 year from 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

**THE CHALLENGE ACADEMY TRUST**  
**GOVERNANCE STATEMENT (continued)**

**Year ended 31 August 2021**

**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 September 2020 to 31 August 2021 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 appointed Wiley & Bisset LLP as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial and operational systems. They completed their third year and have submitted reports to the Audit Committee on:

- Risk Management
- Compliance with Policies
- Safeguarding
- Follow Up Review of Recommendations

A programme of work has been agreed for 2021/22 by the Audit Committee. The Audit Committee has the authority to change the work during the year if there is an area requiring specific focus. The three main reports for the year all had a 'strong' rating in terms of internal control. The Follow Up Review resulted in a 'weak' rating. Unfortunately, the continued disruption and focus on dealing with the pandemic stopped the Trust being able to implement all of the recommendations by the time of the Review. The majority of the recommendations are now complete with a couple which are ongoing and should be completed by the next Review.

**THE CHALLENGE ACADEMY TRUST**  
**GOVERNANCE STATEMENT (continued)**  
**Year ended 31 August 2021**


**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:

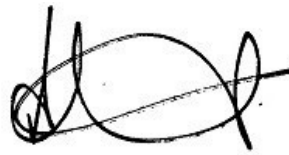
- the work of the external auditor
- the work of the internal auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on 9 December 2021 and signed on its behalf by:



**H Platt**  
Trustee



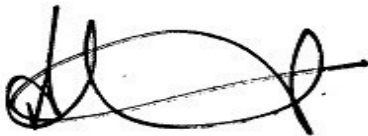
**A Moorcroft**  
Accounting Officer

**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 2020.

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 2020.

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, consisting of a series of loops and a long horizontal stroke extending to the right.

**A Moorcroft**  
Accounting Officer  
9 December 2021



**THE CHALLENGE ACADEMY TRUST**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**Year ended 31 August 2021**

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education & 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 2019 and the Academies Accounts Direction 2020 to 2021
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 9 December 2021 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 2021, 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 Academies Accounts Direction 2020 to 2021 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 2021 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 2019 and Academies Accounts Direction 2020 to 2021

### **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.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities set out on page 32, 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 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.

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

### **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.

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

The audit procedures designed to identify irregularities included:

- enquiry of management and those charged with governance around actual and potential litigation and claims
- enquiry of Trust staff with responsibilities for tax and compliance matters to identify any instances of non-compliance with laws and regulations
- reviewing any minutes available of meetings of those charged with governance
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, intentional misrepresentations or through collusion.

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



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

10 December 2021

## **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 2020 to 2021, 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 year from 1 September 2020 to 31 August 2021 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 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- review of the Trust's expenditure for the period
- review of arrangements 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 year from 1 September 2020 to 31 August 2021 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 dark ink, appearing to read 'Murray Smith', with a stylized flourish at the end.

**Murray Smith LLP**

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

10 December 2021

**THE CHALLENGE ACADEMY TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 August 2021**

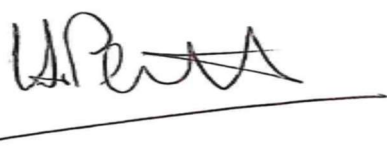
	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Fund £000	Total 2021 £000	Total 2020 £000
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	311	3,324	3,635	3,121
Transfer from local authority on conversion		-	-	-	-	9,943
Transfer from other academies		-	-	-	-	-
Charitable activities:						
Funding for the academy trust's educational operations	3	-	45,533	-	45,533	41,514
Other trading activities	4	1,064	28	-	1,092	1,397
Investments	5	1	-	-	1	6
<b>Total</b>		<u>1,065</u>	<u>45,872</u>	<u>3,324</u>	<u>50,261</u>	<u>55,981</u>
<b>Expenditure on:</b>						
Raising funds	6	497	-	-	497	519
Charitable activities:						
Academy trust educational operations	7	-	47,133	3,920	51,053	47,858
Other		-	-	-	-	-
<b>Total</b>		<u>497</u>	<u>47,133</u>	<u>3,920</u>	<u>51,550</u>	<u>48,377</u>
<b>Net income/(expenditure)</b>		568	(1,261)	(596)	(1,289)	7,604
Transfers between funds	16	-	121	(121)	-	-
<b>Other recognised gains/(losses)</b>						
Pension deficits transferred		-	-	-	-	(149)
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(4,903)	-	(4,903)	1,535
<b>Net movement in funds</b>		<u>568</u>	<u>(6,043)</u>	<u>(717)</u>	<u>(6,192)</u>	<u>8,990</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>1,642</u>	<u>(14,321)</u>	<u>105,945</u>	<u>93,266</u>	<u>84,276</u>
<b>Total funds carried forward</b>	16	<u><u>2,210</u></u>	<u><u>(20,364)</u></u>	<u><u>105,228</u></u>	<u><u>87,074</u></u>	<u><u>93,266</u></u>

**THE CHALLENGE ACADEMY TRUST****BALANCE SHEET**

As at 31 August 2021

	Note	2021 £0000	2020 £000
<b>Fixed assets</b>			
Tangible assets	12	105,228	105,945
<b>Current assets</b>			
Debtors	13	1,942	1,684
Cash at bank and in hand		8,287	6,757
		10,229	8,441
<b>Creditors: amounts falling due within one year</b>	14	(6,832)	(6,430)
<b>Net current assets</b>		3,397	2,011
<b>Total assets less current liabilities</b>		108,625	107,956
<b>Creditors: amounts falling due after more than one year</b>	15	(49)	(76)
<b>Net assets excluding pension liability</b>		108,576	107,880
Defined benefit pension scheme liability	20	(21,502)	(14,614)
<b>TOTAL NET ASSETS</b>		87,074	93,266
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>			
Fixed asset fund	16	105,228	105,945
Restricted income fund	16	1,138	293
Pension reserve	16	(21,502)	(14,614)
<b>Total restricted funds</b>		84,864	91,624
Unrestricted income funds	16	2,210	1,642
<b>TOTAL FUNDS</b>		87,074	93,266

The financial statements on pages 38-65 were approved by the trustees and authorised for issue on 9 December 2021 and are signed on their behalf by:



**H Platt**  
Trustee



**THE CHALLENGE ACADEMY TRUST**  
**STATEMENT OF CASH FLOWS**  
**for the year ended 31 August 2021**

	Note	2021	2020
		£000	£000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	1,653	2,552
<b>Cash flows from investing activities</b>	23	(123)	875
<b>Cash flows from financing activities</b>	22	-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<u>1,530</u>	<u>3,427</u>
<b>Cash and cash equivalents at 1 September 2020</b>		<u>6,757</u>	<u>3,330</u>
<b>Cash and cash equivalents at 31 August 2021</b>	24	<u><u>8,287</u></u>	<u><u>6,757</u></u>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**

**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 2020 to 2021 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 year ended 31 August 2021**

(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 and liabilities 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 academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

**Transfer of existing academies into the trust**

Where assets and liabilities are received on the transfer of an existing academy into the academy 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 academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within Donations and capital grant income to the net assets acquired.

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(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 greater than £1,000 or if lower than £1,000 but forming part of a larger project 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 year ended 31 August 2021**  
**(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
Improvements to Buildings	Written off over the life of the asset improvement or the period of the lease, 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 balance sheet 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 year ended 31 August 2021**  
**(continued)**

**Investments**

The Trust's shareholding in the wholly owned subsidiary, Bridgewater High School Trading 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 13. Prepayments are not financial instruments. Amounts due from 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 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**Pensions Benefits – continued**

between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**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 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**

(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 2021 £000	Total 2020 £000
Capital grants	-	3,324	3,324	2,830
Other donations	-	311	311	291
<b>Total</b>	<b>-</b>	<b>3,635</b>	<b>3,635</b>	<b>3,121</b>

**3 Funding for the Academy Trust's educational operations**

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	38,707	38,707	35,525
Pupil Premium	-	1,654	1,654	1,638
Covid Catch-up Premium	-	560	560	-
Teacher Pay & Pension Grants	-	1,902	1,902	1,715
UFSM	-	100	100	122
Other DfE/ESFA grants	-	342	342	371
ITT Bursaries Grant	-	145	145	78
Teaching School Grants	-	51	51	40
	-	43,461	43,461	39,489
<b>Other Government grants</b>				
Local authority grants	-	1,562	1,562	1,588
Special educational projects	-	254	254	238
	-	1,816	1,816	1,826
<b>Other grants</b>	-	-	-	-
<b>Exceptional government funding</b>				
Coronavirus Job Retention Scheme Grant	-	35	35	47
Coronavirus exceptional support	-	221	221	152
	-	45,533	45,533	41,514



**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**3 Funding for the Academy Trust's educational operations – continued**

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under 'exceptional government funding'. The funding received for coronavirus exceptional support covers £54,000 (2020 - £152,000) of supermarket vouchers for free school meals children before the government scheme was in place with additional funding for mass testing and associated costs. These costs are included in notes 6 and 7 below as appropriate.

The Trust also furloughed some of its catering staff, lettings and leisure centre staff under the government's CJRS. The funding received of £35,000 relates to staff costs in respect of 13 staff which are included within note 8 below as appropriate.

**4 Other trading activities**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
Hire of facilities	135	-	135	195
Catering income	194	-	194	348
Trips income	-	28	28	360
Other income	735	-	735	494
<b>Total</b>	<b>1,064</b>	<b>28</b>	<b>1,092</b>	<b>1,397</b>

**5 Investment income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
Short term deposits	1	-	1	6

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**6 Expenditure**

	<b>Staff Costs £000</b>	<b>Non Pay Expenditure</b>		<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
		<b>Premises £000</b>	<b>Other £000</b>		
Expenditure on raising funds	276	-	221	497	519
Academy's educational operations:					
Direct costs	34,138	2,758	7,474	44,370	41,054
Allocated support costs	4,880	369	1,434	6,683	6,804
	<u>39,294</u>	<u>3,127</u>	<u>9,129</u>	<u>51,550</u>	<u>48,377</u>

Net income/(expenditure) for the period includes:

	<b>2021 £000</b>	<b>2020 £000</b>
Operating lease rentals	167	173
Depreciation	3,920	3,673
(Gain)/Loss on disposal of fixed assets	-	-
Fees payable to auditor for:		
• audit	28	27
	<u>          </u>	<u>          </u>

**7 Charitable activities**

	<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
Direct costs – educational operations	44,370	41,054
Support costs – educational operations	6,683	6,804
	<u>51,053</u>	<u>47,858</u>

<b>Analysis of support costs</b>	<b>Educational operations £000</b>	<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
Support staff costs	4,880	4,880	5,020
Depreciation	463	463	479
Technology costs	89	89	82
Premises costs	369	369	333
Other support costs	800	800	816
Governance costs	82	82	74
<b>Total support costs</b>	<u>6,683</u>	<u>6,683</u>	<u>6,804</u>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**8 Staff**

**a. Staff costs**

Staff costs during the period were:

	<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
Wages and salaries	27,832	26,279
Social security costs	2,692	2,522
Operating costs of defined benefit pension schemes	7,805	7,348
Apprenticeship levy	125	116
	<b>38,454</b>	<b>36,265</b>
Supply staff costs	661	627
Staff restructuring costs	178	14
<b>Total</b>	<b>39,293</b>	<b>36,906</b>
Staff restructuring costs comprise:		
Redundancy payments	159	4
Severance payments	19	10
	<b>178</b>	<b>14</b>

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £19,027 (2020 - £10,000). Individually, the payments were: £4,126 made on 31<sup>st</sup> December 2020, £10,401 made on 31 August 2021 and £4,500 made on 31 August 2021.

**c. Staff numbers**

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

	<b>2021 No.</b>	<b>2021 FTE</b>	<b>2020 No.</b>	<b>2020 FTE</b>
Teachers	455	409	435	383
Administration and support	473	316	467	310
Management	50	50	46	46
<b>Total</b>	<b>978</b>	<b>775</b>	<b>948</b>	<b>739</b>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**8 Staff - continued**

**d. Higher paid staff**

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

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	21	18
£70,001 - £80,000	5	7
£80,001 - £90,000	5	4
£90,001 - £100,000	2	-
£100,001-£110,000	-	-
£110,001-£120,000	-	2
£120,001-£130,000	2	-
£130,001-£140,000	-	1
	<hr/>	<hr/>

**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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £1,781,377 (2020 - £1,412,972).

**9 Central Services**

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

- Human Resources
- Recruitment
- Staff welfare schemes
- Academy Improvement Services
- Educational support services
- Curriculum support services
- Trust wide initiatives e.g. Literacy
- Continuing Professional Development
- Financial services
- Legal services
- Insurance
- IT services
- Health & Safety services
- Capital project management services
- Procurement services
- Governor support services including local governing body support to all academies

The Trust charges for these services by a 3.5% levy (2020 – 3%) on the school budget allocation. The school budget allocation does not include any high needs funding, pupil premium, universal

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**9 Central Services - continued**

infant free school meal or any other additional funding stream including self-generated income. The increase in the levy was as a result of more services being offered to the academies. In the previous year, Padgate Academy paid an additional 2% levy for specific management support services provided by the Trust. The actual amounts charged during the year were as follows:

	<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
Beamont Collegiate Academy	198	108
Bridgewater High School	298	221
Broomfields Junior School	49	29
Great Sankey Primary School	43	33
Meadowside Community Primary & Nursery School	44	27
Padgate Academy	119	140
Penketh High School	169	137
Penketh South Community Primary School	30	22
Priestley College	313	254
Sir Thomas Boteler Church of England High School	119	82
	1,382	1,053

**10 Related Party Transactions – Trustees’ remuneration and expenses**

The CEO is the only trustee to receive paid remuneration in respect of services they provide undertaking the role of CEO under their contract of employment. There are no other benefits received by trustees.

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

**For the year to 31<sup>st</sup> August 2021:**

A Moorcroft (CEO and Trustee) – appointed 1<sup>st</sup> September 2020  
Remuneration £120,001 - £125,000  
Employer’s pension contribution paid £25,001 - £30,000

**For the year to 31<sup>st</sup> August 2020:**

M Grant (Principal/CEO and Trustee) – retired 31<sup>st</sup> August 2020  
Remuneration £130,001 - £135,000 (2019 - £120,001 - £125,000)  
Employer’s pension contribution paid £Nil (2019 - £10,001 - £15,000)

**11 Trustees and officers’ insurance**

In accordance with normal commercial practice the academies are members of the Risk Protection Arrangement for academy trusts. The Trust cover under the arrangement has purchased assurance 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 £10,000,000 on any one claim. The cost of this cover is not split out from the overall cost.

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2021  
(continued)

**12 Tangible fixed assets**

	<b>Freehold Land and Buildings £000</b>	<b>Leasehold Land and Buildings £000</b>	<b>Improve ments to Buildings £000</b>	<b>Assets Under Constru ction £000</b>	<b>Furniture and Equipment £000</b>	<b>Computer Equipment £000</b>	<b>Motor Vehicles £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>								
At 1 September 2020	12,709	94,390	3,849	-	4,248	1,275	5	116,476
Transfers from other academies	-	-	-	-	-	-	-	-
Transfers from local authority conversion	-	-	-	-	-	-	-	-
Additions	-	-	2,372	307	78	438	8	3,203
Disposals	-	-	-	-	-	-	(5)	(5)
At 31 August 2021	12,709	94,390	6,221	307	4,326	1,713	8	119,674
<b>Accumulated depreciation</b>								
At 1 September 2020	1,530	4,978	471	-	2,796	751	5	10,531
Charge for the year	459	1,732	565	-	816	346	2	3,920
Disposals	-	-	-	-	-	-	(5)	(5)
At 31 August 2021	1,989	6,710	1,036	-	3,612	1,097	2	14,446
<b>Net book value</b>								
At 31 August 2021	10,720	87,680	5,185	307	714	616	6	105,228
At 31 August 2020	11,179	89,412	3,378	-	1,452	524	-	105,945

The trust's transaction relating to land and buildings included costs, disclosed in assets under construction, relating to an extension at Bridgewater High School which will increase capacity by 360 pupils once completed. The building work commenced in the summer of 2021. Over the course of the year to 31<sup>st</sup> August 2021, the Trust received 1,682 mobile devices for disadvantaged students. 1,470 were received from the Department for Education and a further 158 from donations via the Cheshire Local Enterprise Partnership, Warrington Borough Council and private donations from a number of local businesses. None of these devices have been included in the fixed assets above.

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**13 Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	63	63
VAT recoverable	539	441
Other debtors	225	8
Prepayments and accrued income	1,115	1,172
	<u><b>1,942</b></u>	<u><b>1,684</b></u>

**14 Creditors: Amounts Falling Due Within One Year**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	887	817
Other taxation and social security	1,390	1,285
ESFA creditor	107	38
Salix loan	27	27
Other creditors	215	176
Accruals and deferred income	4,206	4,087
	<u><b>6,832</b></u>	<u><b>6,430</b></u>

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Deferred income</b>		
Resources deferred in the period	<u><b>3,502</b></u>	<u><b>3,495</b></u>

**15 Creditors: Amounts Falling Due In Greater Than One Year**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Salix loan	<u>49</u>	<u>76</u>
<b>Total</b>	<u><b>49</b></u>	<u><b>76</b></u>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**

(continued)

**16 Funds**

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2021 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(2,918)	38,752	(38,247)	121	(2,292)
Pupil Premium	-	1,654	(1,654)	-	-
Catch-Up Premium	-	560	(341)	-	219
Pension Reserve	(14,614)	-	(1,985)	(4,903)	(21,502)
Other grants and donations	-	4,906	(4,906)	-	-
Transfer on conversion	3,211	-	-	-	3,211
	<u>(14,321)</u>	<u>45,872</u>	<u>(47,133)</u>	<u>(4,782)</u>	<u>(20,364)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	101,499	-	(3,043)	-	98,456
DfE/ESFA capital grants	3,587	2,578	(604)	(121)	5,440
Other government grants	-	739	(88)	-	651
Other grants	-	7	(2)	-	5
Capital expenditure from GAG	461	-	(154)	-	307
Capital expenditure from reserves	398	-	(29)	-	369
	<u>105,945</u>	<u>3,324</u>	<u>(3,920)</u>	<u>(121)</u>	<u>105,228</u>
<b>Total restricted funds</b>	<u>91,624</u>	<u>49,196</u>	<u>(51,053)</u>	<u>(4,903)</u>	<u>84,864</u>
<b>Total unrestricted funds</b>	<u>1,642</u>	<u>1,065</u>	<u>(497)</u>	<u>-</u>	<u>2,210</u>
<b>Total funds</b>	<u>93,266</u>	<u>50,261</u>	<u>(51,550)</u>	<u>(4,903)</u>	<u>87,074</u>

Comparative information in respect of the preceeding period is as follows:

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2020 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(2,611)	35,525	(35,651)	(181)	(2,918)
Pupil Premium	-	1,638	(1,638)	-	-
Pension Reserve	(14,106)	-	(1,894)	1,386	(14,614)
Other grants and donations	-	5,002	(5,002)	-	-
Transfer on conversion	3,110	101	-	-	3,211
	<u>(13,607)</u>	<u>42,266</u>	<u>(44,185)</u>	<u>1,205</u>	<u>(14,321)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	94,700	9,842	(3,043)	-	101,499
DfE/ESFA capital grants	1,218	2,830	(461)	-	3,587
Capital expenditure from GAG	424	-	(144)	181	461
Capital expenditure from reserves	290	-	(25)	133	398
	<u>96,632</u>	<u>12,672</u>	<u>(3,673)</u>	<u>314</u>	<u>105,945</u>
<b>Total restricted funds</b>	<u>83,025</u>	<u>54,938</u>	<u>(47,858)</u>	<u>1,519</u>	<u>91,624</u>
<b>Total unrestricted funds</b>	<u>1,251</u>	<u>1,043</u>	<u>(519)</u>	<u>(133)</u>	<u>1,642</u>
<b>Total funds</b>	<u>84,276</u>	<u>55,981</u>	<u>(48,377)</u>	<u>1,386</u>	<u>93,266</u>



**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**

(continued)

**16 Funds - continued**

**A current year and prior year combined position is as follows:**

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2021 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(2,611)	74,277	(73,898)	(60)	(2,292)
Pupil Premium	-	3,292	(3,292)	-	-
Catch-Up Premium		560	(341)		219
Pension Reserve	(14,106)	-	(3,879)	(3,517)	(21,502)
Other grants and donations	-	9,908	(9,908)	-	-
Transfer on conversion	3,110	101	-	-	3,211
	<u>(13,607)</u>	<u>88,138</u>	<u>(91,318)</u>	<u>(3,577)</u>	<u>(20,364)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	94,700	9,842	(6,086)	-	98,456
DfE/ESFA capital grants	1,218	5,408	(1,065)	(121)	5,440
Other government grants	-	739	(88)	-	651
Other grants	-	7	(2)	-	5
Capital expenditure from GAG	424	-	(298)	181	307
Capital expenditure from reserves	290	-	(54)	133	369
	<u>96,632</u>	<u>15,996</u>	<u>(7,593)</u>	<u>193</u>	<u>105,228</u>
<b>Total restricted funds</b>	<u>83,025</u>	<u>104,134</u>	<u>(98,911)</u>	<u>(3,384)</u>	<u>84,864</u>
<b>Total unrestricted funds</b>	<u>1,251</u>	<u>2,108</u>	<u>(1,016)</u>	<u>(133)</u>	<u>2,210</u>
<b>Total funds</b>	<u>84,276</u>	<u>106,242</u>	<u>(99,927)</u>	<u>(3,517)</u>	<u>87,074</u>

**Total funds analysis by academy**

Fund balances at 31 August were allocated as follows:

	<b>Total 2021 £000</b>	<b>Total 2020 £000</b>
Beamont Collegiate Academy	1,007	580
Bridgewater High School	583	191
Broomfields Junior School	106	32
Great Sankey Primary School	330	274
Meadowside Community Primary & Nursery School	69	178
Padgate Academy	78	(178)
Penketh High School	(1,191)	(1,050)
Penketh South Community Primary School	1	(21)
Priestley College	2,661	2,374
Sir Thomas Boteler Church of England High School	(410)	(441)
Central Trust Reserves	114	(4)
	<u>3,348</u>	<u>1,935</u>
Total before fixed assets and pensions reserves	3,348	1,935
Restricted Fixed Asset Fund	105,228	105,945
Pension Reserve	(21,502)	(14,614)
	<u>87,074</u>	<u>93,266</u>
<b>Total funds</b>	<u>87,074</u>	<u>93,266</u>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**16 Funds – continued**

Penketh High School joined the Trust with an historic deficit of £390,000. For the last number of years, the academy has undertaken a restructuring programme each year due to a decreasing student roll. At the end of this financial year, the academy completed its final restructuring programme in order to match the staffing levels to the number of students on roll. The increase in the deficit is as a result of this restructuring. The academy achieved a Good Ofsted rating in March 2020 but was not able to capitalise on it in terms of new Year 7 students for September 2020 due to lockdown. In September 2021, the academy has admitted over PAN at Year 7 and due to unexpected local population growth, is also admitting in year to the other year groups. The academy is now facing a period of rapid growth which brings with it added financial issues due to the lagged funding methodology. The academy also has an ageing building which is in need of either major refurbishment or replacement. The condition of the buildings may stifle the growth in student numbers that is currently being experienced. Discussions, without much success, have taken place with both Warrington Borough Council and the Department for Education to secure funding for the growth and the buildings. The Trust continues to look for ways of helping the academy through this unusual period.

Since joining the Trust, Sir Thomas Boteler Church of England High School has increased numbers through in year admissions and an improved reputation has seen an increase in student numbers. The Trust has used the services of a School Management Resource Advisor through the ESFA to explore further options for savings. Their conclusion was that the plan in place was as good as it could be but the key is to continue to increase student numbers, maintaining improvement in the academy's academic performance and restricting investment in additional staffing. In October 2021, Ofsted were finally able to visit the academy and the outcome of the inspection report was Good. This should have a major impact on the academy going forward in terms of student recruitment and therefore on its finances.

Padgate Academy, formerly known as University Academy Warrington, was rebrokered into the Trust. As part of the rebrokerage, the Trust was able to negotiate in year funding for 2019/20 and 2020/21. The in-year funding has helped the Trust to be able to undertake the level of intervention required to improve student outcomes, student experience, financial health and also the basic fabric of the building. The Trust has completed a staff restructuring exercise and a review of the curriculum offer and delivery. This has helped to put the academy on a better financial footing going forward with the initial deficit now recovered.

Penketh South Community Primary School is the smallest academy within the Trust. With funding levels being one of the lowest in the country, a small primary school will always find it difficult to balance its finances. Lockdown impacted heavily on the academy and it was required to undertake a restructure exercise in the year in order to maintain its finances at a break-even position. Going forward, the academy will face further financial issues due to rising costs.

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2020**

(continued)

**16 Funds – continued**

**Analysis of net assets between funds**

Fund balances at 31 August 2021 are represented by:

	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Funds £000</b>	<b>Total Funds £000</b>
Tangible fixed assets	-	-	105,228	105,228
Current assets	2,210	8,019	-	10,229
Current liabilities	-	(6,832)	-	(6,832)
Non-current liabilities	-	(49)	-	(49)
Pension scheme liability	-	(21,502)	-	(21,502)
<b>Total net assets</b>	<b>2,210</b>	<b>(20,364)</b>	<b>105,228</b>	<b>87,074</b>

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

	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Funds £000</b>	<b>Total Funds £000</b>
Tangible fixed assets	-	-	105,945	105,945
Current assets	1,642	6,799	-	8,441
Current liabilities	-	(6,430)	-	(6,350)
Non-current liabilities	-	(76)	-	(76)
Pension scheme liability	-	(14,614)	-	(14,614)
<b>Total net assets</b>	<b>1,642</b>	<b>(14,321)</b>	<b>105,945</b>	<b>93,266</b>

**17 Capital commitments**

	<b>2021 £000</b>	<b>2020 £000</b>
Contracted for, but not provided in the financial statements	4,202	882
Authorised but not contracted for	701	Nil

**18 Commitments under operating leases**

**Operating leases**

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2021 £000</b>	<b>2020 £000</b>
<b>Other</b>		
Expiring within one year	115	157
Expiring between two and five years inclusive	388	233
	<b>503</b>	<b>390</b>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**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 2016 and the CPF 31 March 2019. Contributions amounting to £699,868 were payable to the schemes at 31 August 2021 (2020 - £650,038) 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 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary – these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**20 Pension and similar obligations - continued**

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

The employer's pension costs paid to TPS in the period amounted to £4,513,048 (2020 - £4,164,144).

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

**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 year ended 31 August 2021 was £2,013,312 (2020 - £1,952,727) of which employers contributions totalled £1,570,101 (2020 - £1,540,712) and employees contributions totalled £443,211 (2020 - £412,015). The agreed contribution rates for future years vary for each academy depending upon its asset and liability profile within the scheme. Currently, the employer rate paid ranges from 19.9% to 23.8% dependent upon the academy profile within the scheme. The rates paid by employees range from 5.5% to 8.5% depending upon their salary.

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**

	<b>2021</b>	<b>2020</b>
Rate of increase in salaries	3.6%	3.0%
Rate of increase for pensions in payment/inflation	2.9%	2.3%
Discount rate for scheme liabilities	1.65%	1.7%
Inflation assumption (CPI)	1.25%	1.25%
Commutation of pensions to lump sums	50%	50%

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

	<b>2021</b>	<b>2020</b>
Retiring today		
Males	21.4	21.2
Females	24.0	23.6
Retiring in 20 years		
Males	22.4	21.9
Females	25.7	25.0

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
(continued)

**20 Pension and similar obligations - continued**

**Sensitivity Analysis**

	<b>2021</b>	<b>2020</b>
<b>Change in assumption</b>	<b>£000</b>	<b>£000</b>
0.1% decrease in Real Discount Rate	1,331	1,071
Mortality assumption – 1 year increase	2,311	-
0.1% increase in the Salary Increase Rate	135	116
0.1% increase in the Pension Increase Rate	1,178	935

The 2020 comparative is not available.

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Equities	16,369	13,774
Bonds	14,918	12,550
Property	3,627	3,061
Cash	1,352	1,224
<b>Total Market Value of Assets</b>	<b>36,266</b>	<b>30,609</b>

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(3,276)	(3,163)
Past service cost	(5)	-
Interest income	535	547
Interest cost	(796)	(825)
<b>Total amount recognised in the SOFA</b>	<b>(3,542)</b>	<b>(3,441)</b>

<b>Changes in the present value of defined benefit obligations were as follows:</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>45,223</b>	<b>41,177</b>
Conversion of academy trusts	-	1,734
Transferred in on existing academies joining the trust	-	-
Current service cost	3,276	3,163
Interest cost	796	825
Employee Contributions	441	414
Actuarial (gain)/loss	-	-
Benefits paid	(460)	(472)
Losses or gains on curtailments	-	-
Past service cost	5	-
Change in demographic assumptions	2,953	(698)
Change in financial assumptions	6,127	982
Other experience	(593)	(1,902)
<b>At 31 August</b>	<b>57,768</b>	<b>45,223</b>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**20 Pension and similar obligations - continued**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Changes in fair value of academy's share of scheme assets</b>		
<b>At 1 September</b>	30,609	27,071
Conversion of academy trusts	-	1,585
Transferred in on existing academies joining the trust	-	-
Interest income	535	547
Actuarial gain/(loss)	3,584	(83)
Employer contributions	1,557	1,547
Employee contributions	441	414
Benefits paid	(460)	(472)
Effect of non-routine settlements	-	-
	<hr/>	<hr/>
<b>At 31 August</b>	<b>36,266</b>	<b>30,609</b>
	<hr/>	<hr/>

**21 Reconciliation of Net Income/(Expenditure) to Net Cash Flow from Operating Activities**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(1,289)	7,604
Adjusted for:		
Depreciation	3,920	3,673
Fixed assets transferred on entry to the Trust	-	(9,842)
Capital grants from DfE and other capital income	(3,324)	(2,830)
Interest receivable	(1)	(6)
Defined benefit pension scheme cost less contributions payable	1,724	1,616
Defined benefit pension scheme finance cost	261	278
(Increase)/decrease in debtors	(258)	1,992
Increase/(decrease) in creditors	620	67
	<hr/>	<hr/>
<b>Net cash provided by / (used in) Operating Activities</b>	<b>1,653</b>	<b>2,552</b>
	<hr/>	<hr/>

**22 Cash Flows from Financing Activities**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Repayment of borrowing	-	-
Repayment of ESFA Financial Advance	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**23 Cash flows from investing activities**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Dividends, interest and rents from investments	1	6
Capital grants from DfE/ESFA	3,179	3,875
Payments for the purchase of fixed assets	(3,303)	(3,006)
	<u>(123)</u>	<u>875</u>

**24 Analysis of cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Cash in hand and at bank	<u>8,287</u>	<u>6,757</u>

**25 Contingent Liabilities**

The Trust had no contingent liabilities.

**26 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 financial period.

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.

<b>Type of transaction</b>	<b>Total incurred during period</b>	<b>Outstanding at 31 August</b>
	<b>£000</b>	<b>£000</b>
Education Delivery	<u>1,241</u>	<u>Nil</u>
Other income	<u>290</u>	<u>Nil</u>
Purchase of Services	<u>958</u>	<u>66</u>



**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**26 Related party transactions - continued**

Priestley Education & Training Trust (PETT) – S Yates (trustee of the Trust) is a trustee 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 EFSA funded 16-19 discretionary bursary. In the year, the academy disbursed £3,163 (2020 - £4,661) which was refunded by PETT after 31 August 2021. An outstanding balance of £830 (2020 - £2,876) is included in Other Debtors.

**27 Agency arrangements**

The Trust distributes the ESFA discretionary 16-19 bursary to students as an agent for the ESFA. The Trust disbursed £144,941 (2020 - £175,822) in the year and the amount underspent, £49,077 (2020 - overspent £21,328), is included in Other Creditors to be used next year.

**28 Transfer of existing academies into the Trust**

There were no transfers of existing academies or schools converting for Local Authority control into the Trust in the year.

**29 Events after the end of the reporting period**

Sir Thomas Boteler Church of England High School had a section 5 Ofsted inspection which resulted in a Good rating after having previously being rated as Inadequate. Great Sankey Primary School had a section 8 Ofsted inspection which resulted in confirming the existing Good opinion.

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2021**  
**(continued)**

**29 Teaching School Trading Account**

Bridgewater High School is a Teaching School and its activities were:

	2021	2020
	£000	£000
<b>Income</b>		
Direct income		
Other grants	184	118
Other income	15	-
	<hr/>	<hr/>
<b>Total Income</b>	199	118
<b>Expenditure</b>		
Direct Costs		
Direct staff costs	69	57
Other direct costs	22	16
	<hr/>	<hr/>
<b>Total Direct Costs</b>	91	73
Other Costs		
Support staff costs	37	37
Premises costs	5	3
	<hr/>	<hr/>
<b>Total other costs</b>	42	40
	<hr/>	<hr/>
<b>Total Expenditure</b>	133	113
	<hr/>	<hr/>
<b>Surplus from all sources</b>	66	5
Teaching school balances at 1 September 2020	6	1
	<hr/>	<hr/>
<b>Teaching school balances at 31 August 2021</b>	72	6
	<hr/> <hr/>	<hr/> <hr/>