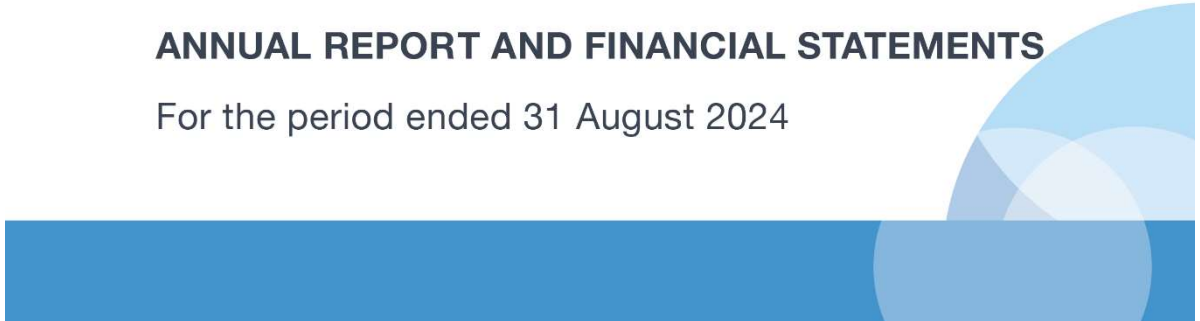




# The Challenge Academy Trust

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

For the period ended 31 August 2024



**THE CHALLENGE ACADEMY TRUST**  
**FINANCIAL STATEMENTS**  
**Year ended 31 August 2024**

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**THE CHALLENGE ACADEMY TRUST**  
**REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Members</b>	Professor S Broomhead MBE C Penn (Chester Diocesan Board of Education Representative) M Mellor MBE D Mowat P Claus
<b>Trustees</b>	L Boys (Appointed 1 <sup>st</sup> September 2024) J Cartwright S Davis (Resigned 31 <sup>st</sup> August 2024) M Grant (Appointed 21 <sup>st</sup> June 2024) P McEwan L Muir (Resigned 22 <sup>nd</sup> February 2024) A Moorcroft (CEO & Accounting Officer) H Platt DL (Chair) S Titchard (Resigned 31 <sup>st</sup> August 2024) J Warren (Appointed 12 <sup>th</sup> January 2024) L Waterson S Whatmore P Winter (Appointed 24 <sup>th</sup> January 2024) S Yates
<b>Central Executive Team</b>	A Moorcroft, CEO, TCAT V Briggs, Director of Education, TCAT J Carlin, Principal - Penketh High School C Curtis, Headteacher – Meadowside Community Primary & Nursery School A Downey, Headteacher – Dallam Community Primary School G Harris, Principal – Beamont Collegiate Academy A Grace, Headteacher - Penketh South Primary School J Gresty, Principal – Priestley College Z Jones, Headteacher – Appleton Thorn Primary School T Long, School Improvement Lead, TCAT A McMillan, Principal – Padgate Academy R Morris Brown, Headteacher – Broomfields Junior School K Powell, Principal – Bridgewater High School B Scott-Herron, Headteacher – Sir Thomas Boteler Church of England High School L Wilding – Headteacher – Great Sankey Primary School
<b>Senior Managers</b>	D McGuire ACA – Finance Director A Laing – Operations Director B Logan – Human Resources Manager
<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>	Murray Smith LLP Darland House, 44 Winnington Hill, Northwich, CW8 1AU
<b>Bankers</b>	Lloyds Bank plc Horsemarket Street, Warrington, WA1 1TP
<b>Solicitors</b>	Stone King, One Park Row, Leeds, LS1 5HN

## **THE CHALLENGE ACADEMY TRUST**

### **TRUSTEES REPORT**

#### **Year ended 31 August 2024**

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 2024. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust currently operates 5 primary, including 4 nurseries, 1 junior school, 5 secondary and 1 16-19 academies in Warrington. The trust currently has capacity for 9,216 students - 1,565 primary students, 5,251 secondary students and approximately 2,400 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: Appleton Thorn Primary School, Beamont Collegiate Academy, Bridgewater High School, Broomfields Junior School, Dallam Community Primary 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. Dallam Community Primary School converted to academy status and joined the Trust on 1<sup>st</sup> August 2024.

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.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**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 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 the 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 central trust team meet with the committee regularly. The CEO/HR Lead 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 and is subject to national benchmarking. 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.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**Trade union facility time - continued**

**Relevant union officials**

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

12

9.75

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%EB	-
1% - 50%	10
51% - 99%	-
100%	2

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

Total cost of facility time	£46,961
Total pay bill	£45,351,298
Percentage of the total pay bill spent on facility time	0.10%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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**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). M Grant and S Yates, Trustees, are also PETT trustees. 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 or 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 less than £10,000 per annum.

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

The Trust has a number of mechanisms in which it engages with its employees as part of its Communication Strategy; activities include regular staff voice surveys, well-being events and activities, regular publications including TCAT Voice and TCAT Times, professional development opportunities and visits to all TCAT academies by the central team. Academy leaders also meet regularly at the TCAT Professional Development Centre.

The Trust has created over 30 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

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

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

academies. 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	EAL	Business
Deputy and Assistant Headteachers	Deputy Headteachers and Vice-Principals	Teaching & Learning Educational Research	Estates
Early Years	Pastoral and Welfare	Safeguarding	Finance
English	Curriculum, assessment and Outcomes	SEND	IT
Maths	EBACC subjects (6 hubs)	Attendance	HR
Science	Personal Development	Behaviour and welfare	
Foundation	Sports	PE & Sports	
Personal Development	Computer Science	Transition	
	Careers & Aspiration		
	Exams & Data		
	Technology		

The Trust also 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 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.

As such, the Trust has 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.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**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**

**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
- Sustainability & well-being
- Celebrating difference



**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

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

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 (Multi Academy Trust) 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.

<p>Pupils Objective 1: To deliver educational excellence across all TCAT academies. <i>'Every teacher, every classroom, every day'</i>.</p>
<p>Target components to improve/enhance:</p> <ul style="list-style-type: none"> <li>• Evidence based research</li> <li>• Curriculum implementation &amp; impact</li> <li>• Inclusivity</li> <li>• Disadvantaged and vulnerable pupils</li> <li>• Transition</li> </ul>
<p>People: Objective 2: To deliver a People Strategy designed to make TCAT an employer of choice in the sector locally</p>
<p>Target components to improve/enhance:</p> <ul style="list-style-type: none"> <li>• Growth of the organisation</li> <li>• External professional development offer</li> <li>• HR People Strategy</li> <li>• Governance</li> <li>• Safeguarding</li> </ul>
<p>Performance: Objective 3: To define &amp; deliver operational excellence across all TCAT academies</p>
<p>Target components to improve/enhance:</p> <ul style="list-style-type: none"> <li>• Academy standards</li> <li>• VFM, financial stability, procurement &amp; growth</li> <li>• Management and sustainability of estates &amp; facilities</li> <li>• Education Connect</li> <li>• Digital technology and communications</li> <li>• Outdoor Education Centre</li> </ul>

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**Significant Developments in 2023/2024**

- All academies within the Trust are now rated Good or Outstanding by Ofsted
- In November 2023, Priestley College was judged Good with Outstanding Personal Development & Leadership by Ofsted
- In May 2024, Broomfield's Junior School was judged Good with Outstanding Behaviour & Personal Development by Ofsted
- Two new academies joined the trust in 2024; Dallam Community Primary School, another Warrington based school, on 1<sup>st</sup> August 2024 and The Sutton Academy which located in St Helens on 1<sup>st</sup> September 2024. The Trust has been working with South Wirral High School for some time now; trustees have agreed to bring the school in to the trust and the transfer is planned for early 2025.
- An Executive Coaching Programme for TCAT Deputy Headteachers was delivered by Liverpool John Moores University's Centre for Educational Leadership across 2023-24; this was well-received by colleagues who really valued the programme and it made a considerable impact. Due to its success, we are running the programme for TCAT Headteachers and Principals in 2024-25.
- Continued, successful delivery of the programmes including Initial Teacher Training, the Early Career Framework and the suite of National Professional Qualifications.
- The Trust was successful in a bid in the third round of the Public Sector Decarbonisation Scheme. The bid allows five academies to improve their energy efficiency and reduce their carbon footprint by installing ground source heat pumps, improving roofing, replacing windows and doors and insulation. The grant awarded was for £5.08m with the Trust adding £3m from its School Condition Allocation Grant in order to complete these extensive works. The project is now nearing completion and will be fully completed early 2025.
- The Trust's School to School Support work increased in 2023-24. There were two significant Trust School Improvement Offers funded by the Department for Education which were focused on providing school improvement work to a number of academies within two multi-academy trusts. The trust was also commissioned privately to provide support to a number of additional academies.
- The Department for Education approved the application for Penketh High School to be part of the Schools Rebuilding Programme. The Trust and academy are working with the Department over the design with a view to the academy moving into the new building in September 2026.
- Across 2023-24, we invested around £4.7 million in to our academy buildings and estates and we have committed to spending a further £2.5 million in 2024-25. The work this year has included the Decarbonisation project which has seen the

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**Significant Developments in 2023/2024 - continued**

installation of ground source heat pumps at 5 of our academies; investment in pitches and sporting facilities; additional dining facilities to support growth of our academies; classroom refurbishment and new toilets. This investment has been managed judiciously and has made considerable impact.

**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 the Trust's strategic objectives and planning our activities, the trustees have carefully considered the Charity Commission's general guidance on 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 eighth year of reporting on results.

**A) Primary outcomes**

The chart below shows the three-year trend for the Primary performance overall. Collective performance was broadly in line with the national average for 2024.

Pupils were teacher assessed in writing. Judgements in KS2 writing were subject to internal as well as TCAT wide moderation. In addition, the Local Authority moderated Broomfields Junior School, Great Sankey Primary and Appleton Thorn Primary School. Assessments moderated were verified and accurately matched.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**Achievements and Performance – continued**

**MAT** **KS2 performance summary**

	Actual results		
	2022	2023	2024
Number of Pupils / % Matched	199	227	259
% Expected standard+ (Re, Wr, Ma)	61%	68% <span style="color: green;">➕</span>	62%
% Higher standard (Re, Wr, Ma)	9%	11%	8%
Average Scaled Score (Re, GPS, Ma)	105.0	106.0 <span style="color: green;">➕</span>	105.4
Average Scaled Score (Re, Ma)	104.6	105.8 <span style="color: green;">➕</span>	105.3
% Expected standard+ Reading	76%	80% <span style="color: green;">➕</span>	76%
% Higher standard Reading	25%	30%	29%
Scaled Score Reading	104.5	106.0 <span style="color: green;">↑</span>	105.2
% Expected standard+ Writing	75%	78% <span style="color: green;">➕</span>	72%
% Higher standard Writing	19% <span style="color: green;">➕</span>	16%	17% <span style="color: green;">➕</span>
Scaled Score Writing	101.6 <span style="color: green;">➕</span>	101.3 <span style="color: green;">➕</span>	100.5
% Expected standard+ Maths	79% <span style="color: green;">➕</span>	83% <span style="color: green;">➕</span>	79% <span style="color: green;">➕</span>
% Higher standard Maths	22%	28%	25%
Scaled Score Maths	104.7	105.6 <span style="color: green;">➕</span>	105.4 <span style="color: green;">➕</span>
% Expected standard+ Grammar, Punctuation & Spelling	80% <span style="color: green;">➕</span>	84% <span style="color: green;">➕</span>	76% <span style="color: red;">↓</span>
% Higher standard Grammar, Punctuation & Spelling	30%	36%	36%
Scaled Score Grammar, Punctuation & Spelling	106.0	106.5 <span style="color: green;">➕</span>	106.2
% Expected standard+ Science	77%	85% <span style="color: green;">➕</span> <span style="color: green;">↑</span>	81%

Early Years and Phonics continued to improve on the previous year as well as a return to greater depth performances for the majority of our Primary academies for end of KS2.

2024	KS2 Reading Attainment	KS2 Writing Attainment	KS2 Maths Attainment	Early Year GLD	Phonics Attainment
<b>Appleton Thorn Primary</b>	Above national	Below national	Above national	Above national	In line with national
<b>Broomfields Junior</b>	Above national	Above national	Above national	Above national	N/A
<b>Great Sankey Primary</b>	Above national	Above national	Above national	Above national	Above national
<b>Meadowside Primary</b>	Below national	Below national	Above national	Below national	Below national
<b>Penketh South Primary</b>	Above national	Above national	Above national	In line with national	Above national

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

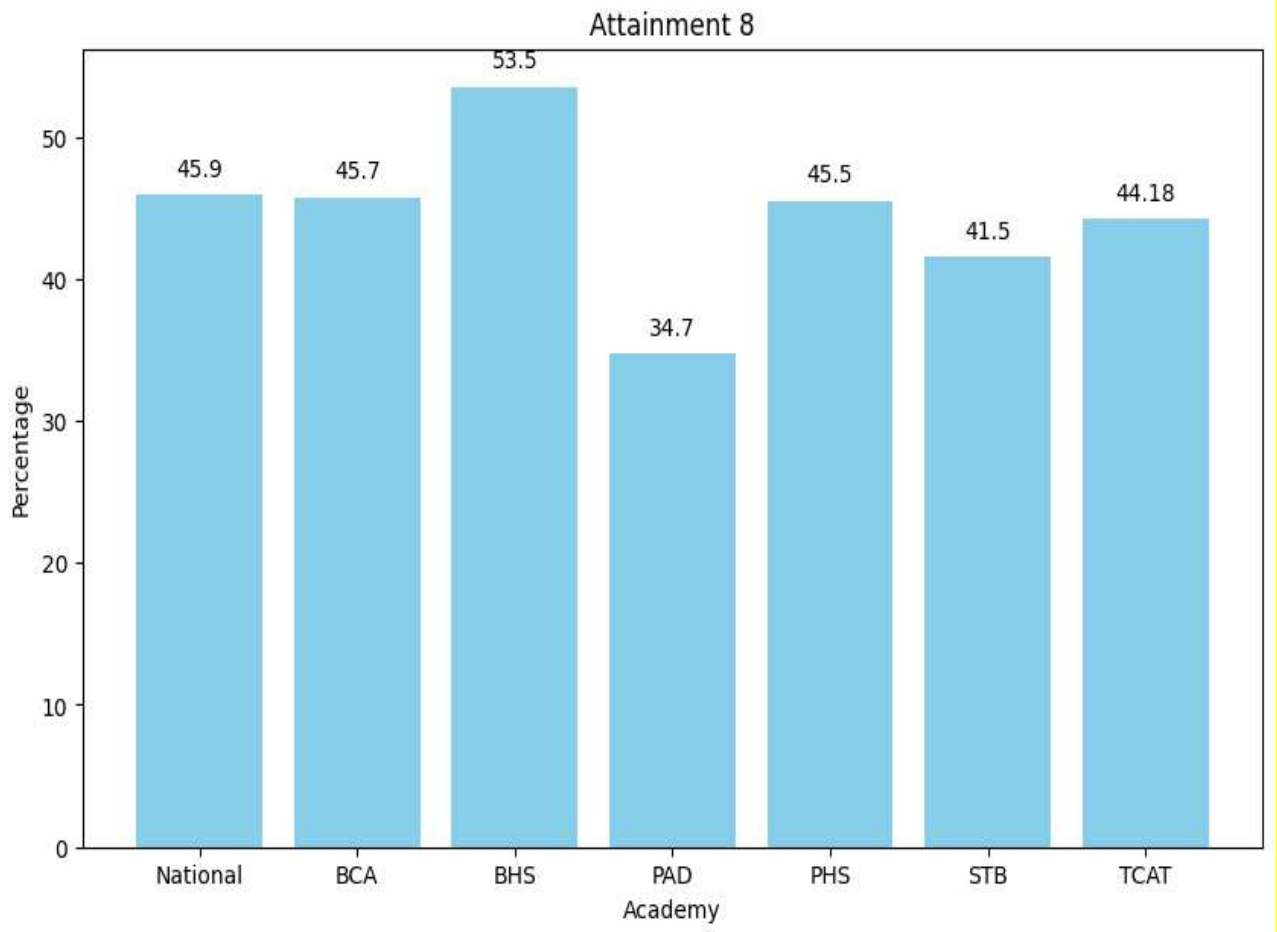
**Achievements and Performance – continued**

In 2024, the Department for Education decided not to publish individual school progress measures for Key Stage 2 (KS2). This decision was influenced by the ongoing recovery efforts from the pandemic, which have impacted the consistency and comparability of progress data. As a result, while schools have access to their internal progress data, official comparative progress measures are not available publicly this year. Schools continue to monitor and support pupil progress through their internal assessments and tailored educational strategies.

**B) Secondary outcomes**

The main value-added performance indicator for secondary schools is Progress 8 or P8. This score shows how much progress pupils at a school made between the end of key stage 2 and the end of key stage 4, compared to pupils across England who got comparable results at the end of key stage 2. This is based on results in up to 8 qualifications, which include English, maths, 3 English Baccalaureate including sciences, computer science, history, geography and languages, and 3 other additional approved qualifications opens.

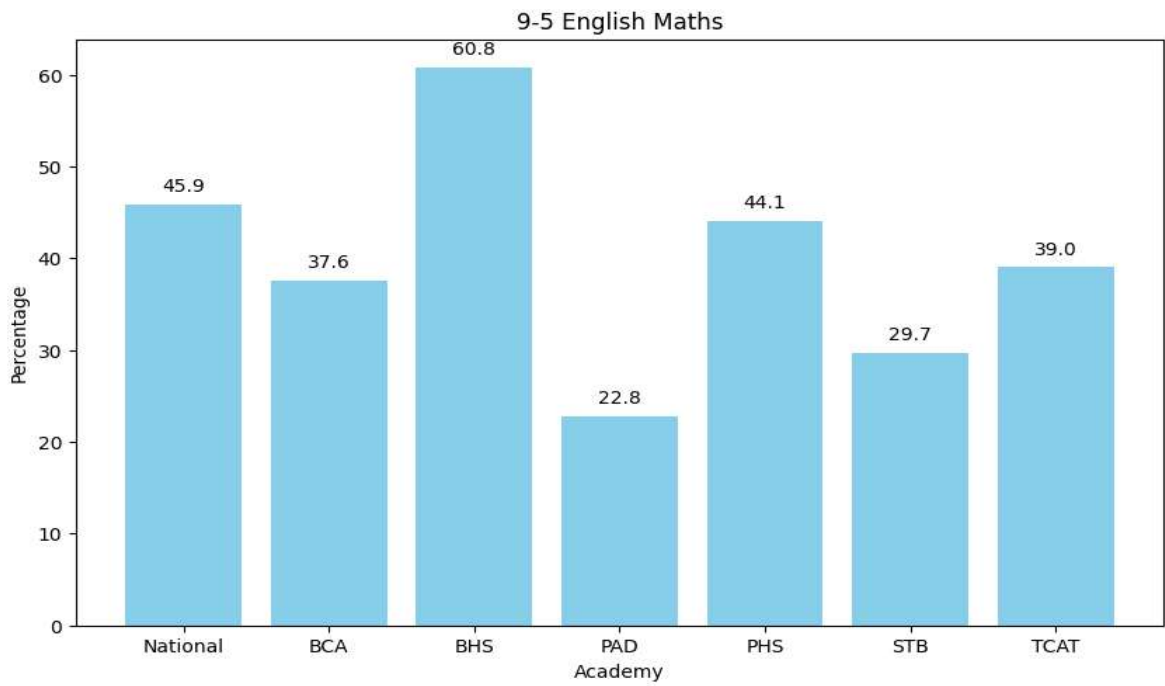
The attainment outcomes for each academy are as follows:



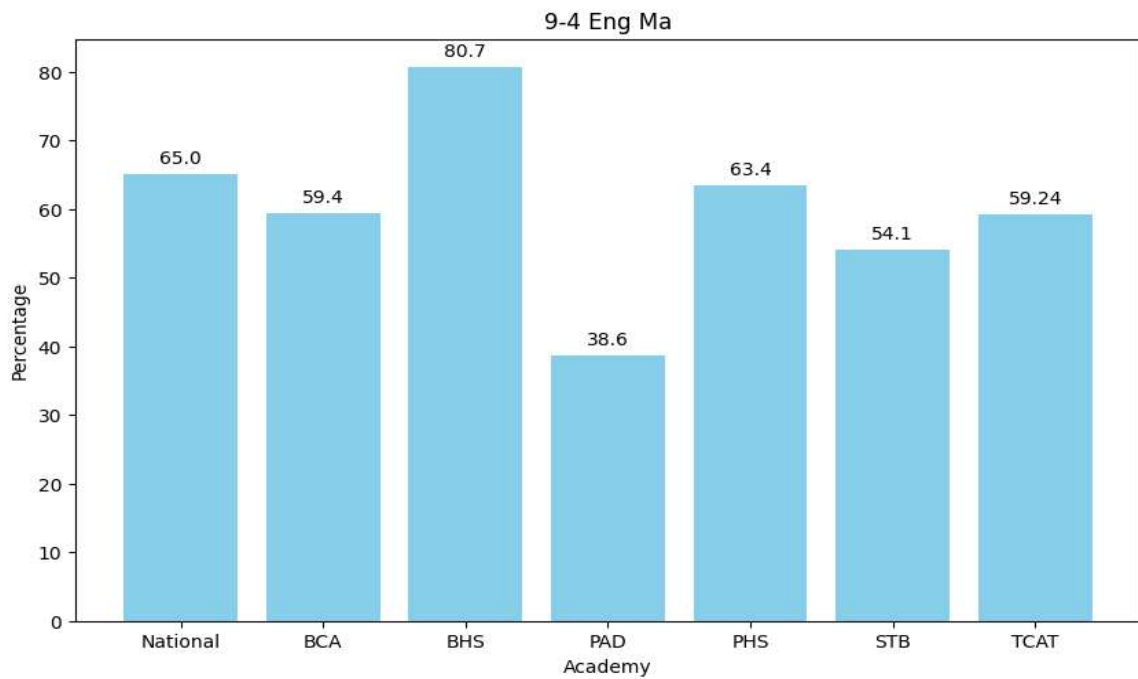
**THE CHALLENGE ACADEMY TRUST  
TRUSTEES REPORT (continued)  
Year ended 31 August 2024**

**Achievements and Performance – continued**

Attainment in the basics – English and Maths grade 5 and above:



Attainment in the basics – English and Maths grade 4 and above:



**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**Achievements and Performance – continued**

The MAT Progress 8 data is 0.07, which is banded as average. Progress 8 data for each academy is as follows:

	<b>P8</b>	<b>P8 English</b>	<b>P8 Maths</b>	<b>P8 Ebacc</b>	<b>P8 Dis</b>	<b>Banding</b>
<b>BCA</b>	0.16	0.06	0	0.29	-0.16	Average
<b>BHS</b>	0.21	0.35	0	0.28	-0.12	Above Average
<b>PAD</b>	-0.66	-0.51	-0.48	-0.78	-0.93	Well below average
<b>PHS</b>	-0.22	-0.16	-0.26	-0.29	-0.51	Average
<b>STB</b>	-0.24	0.02	-0.63	-0.62	-0.52	Average

**C) Post 16 outcomes**

The overall pass rates and high grades have been sustained or improved across the college. The headline results for Priestley College were:

	<b>Pass</b>	<b>High Grade</b>
<b>A Level</b>	98.8%	49.6% (47.9%)
<b>Vocational</b>	98.9%	53.4% (51.1%)
<b>T Level</b>	91.8%*	60% (60%)
<b>Mixed (A level / Voc)</b>	98.4%	50.9% (52%)

*\*The college is engaging closely with the awarding body for T Level Engineering due to a serious discrepancy with a number of the Engineering results.*

<b>Overall Summary of results Level 3</b>			
<b>Year 2</b>	<b>2019</b>	<b>2023</b>	<b>2024</b>
<b>A level A-E</b>	<b>99.4</b>	<b>98.3</b>	<b>98</b>
<b>A level A*-B</b>	<b>43.9</b>	<b>43</b>	<b>43.5</b>
<b>L3 Extended Diplomas</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>L3 Diploma</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>L3 Certificate</b>	<b>96.6</b>	<b>99.5</b>	
<b>UAL</b>	<b>N/A</b>	<b>100</b>	<b>100</b>

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**Achievements and Performance – continued**

T-level results:

These outcomes are comparable to national outcomes.

<b>T Level Pathway</b>		
<b>Year 2</b>	<b>High Grades</b>	<b>Pass Rate</b>
<b>Education and Childcare (12)</b>	91.7	100
<b>Health (10)</b>	100	100
<b>Digital (7)</b>	100	100
<b>Management (12)</b>	83	100
<b>Engineering (12)</b>	*as above	*as above

Foundation and GCSE results were:

<b>Foundation</b>			
<b>L2 Certificate / Diploma</b>	<b>2019</b>	<b>2023</b>	<b>2024</b>
<b>Number of entries</b>	193	160	139
<b>% pass rate</b>	96.8	97.5	97.8
<b>% high grades</b>	31	21	44

<b>GCSE</b>			
	<b>2019</b>	<b>2023</b>	<b>2024</b>
<b>Number of entries</b>	420	258	343
<b>% 9-4 Maths</b>	40.6	45.7	39.6
<b>% 9-4 English</b>	53.7	62.4	59.1
<b>% 9-4 Science</b>	N/A	40	73.3
<b>Other</b>	N/A	71.4	59

*From FE Week: In English, 148,569 students entered to resit the GCSE in post-16 education and the proportion that achieved a grade 4 pass was 20.9%*

**Key Performance Indicators**

The Trust has two scorecards covering the distinct focus areas of Educational and Business Performance. The Educational scorecard is focussed upon the areas of progress, teaching and learning, behaviour, welfare, safeguarding and attendance. The Business scorecard covers compliance, governance, finance, HR, health & safety, facilities management and IT.



**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**Key Performance Indicators - continued**

Each academy has two reviews per annum for both scorecards involving the Principal/Headteacher and the Chair of the Local Governing Body of the academy. The scorecard also identifies key strengths and areas for improvement and an agreed set of action points arise from the review. The scorecards are shared with Trustees and Local Governing Bodies via Governor Hub.

The reviews are also an opportunity for the Trust and academy to explore ways that the Trust can help the academy e.g. academic support, capital projects etc.

**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.

The trust issues a number of regular publications including TCAT Times, TCAT Voice, A Governor Newsletter and a widely circulated CEO report to ensure all stakeholders are kept well informed of all TCAT related activity.

**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 CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**FINANCIAL REVIEW - continued**

The Trust's overall performance resulted in an operational deficit of £316,000 (2023 – Deficit £178,000) after excluding FRS102 adjustments and depreciation.

The deficit arose due to the Trust allowing a number of academies to use some of their reserves to undertake much needed investment in their facilities in terms of IT, canteen extension, replacement of furniture and also to cope with the growth in student numbers. The central Trust also incurred additional costs in preparation for growth. In addition, the Trust funded an initiative to address intervention for students at risk of exclusion. The Trust was unsuccessful in its application for a Trust Capacity Fund grant which would have contributed to the additional costs. The amount of expenditure was £535,000. Therefore, the actual operational outturn would have been a surplus of £219,000.

The performance during the year was impacted by two factors – in-year student growth and a clawback of a funding stream from a prior year. The in-year growth, although pleasing, presents challenges due to the lagged funding methodology. Subject to when a student is admitted in the year, it can be up to two academic years before the funding arrives for that student. Some of our academies have had to plan for this growth as it was agreed with the local authority in order to meet local needs. It can mean the appointment of additional staff and additional resources. Two of our secondary academies have been opening another whole class in some year groups. The second impact was the clawback of T Level Funding at Priestley College. T Level funding is not based upon the lagged funding methodology but on estimated student numbers. T Levels have struggled to attract students so the number of places filled is less than those available. The college is changing its approach to submitting estimated student numbers for funding purposes. Had these events not occurred, the Trust would have exceeded its forecast for the year. Sir Thomas Boteler Church of England High School, since joining the Trust, has operated with an accumulated deficit. The Trust is pleased that the academy has now fully recovered from that deficit position and is now on a strong financial footing to move forward. Overall the Trust is pleased with its financial performance and above all allowing the academies to invest in their future provision.

The Trust recognises that the academies face challenges this year with increasing costs and salaries. Although there are increases in funding, there is concern that rising cost pressures will continue. However, due to the growth in student numbers and the lagged funding starting to appear, the Trust is hopeful that the challenge of achieving a break-even position has slightly reduced. The continued growth in student numbers at two of the secondary academies continues to challenge those academies. The Trust also has to prepare for some changes in demographics at one academy which will lead to a managed reduction of one class per year group over the next few years. The Trust continues to seek opportunities to drive through cost savings.

**Capital Investment**

Due to the size of the Trust, it receives School Condition Allocation Funding (SCA) for condition/capital works. During the summer of 2023, the Trust was successful in its application for grant funding under the Public Sector Decarbonisation Scheme (PSDS) operated by SALIX Limited. The grant was for £5,088,000 with the Trust required to add another £1,700,000 to the project. The project progressed throughout the financial year with four of the five academies now complete. The Trust has also initiated a number of other

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**Capital Investment – continued**

projects which were completed during this financial year. In the next financial year, a project to replace the remaining lighting across all sites to have LED lighting will complete. The Trust continues to work with the Department for Education to progress the new building for Penketh High School which it hopes will be ready for September 2026. The Trust's Estates Management Strategy uses the Health & Safety Report and the ten-year School Condition survey report to prioritise 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.

The Trust has adopted the UN's 17 goals for sustainability. This sustainability policy is also informing the projects funded by the SCA with a focus on energy efficiency projects. The successful PSDS bid focussed on energy efficiency by replacing the existing gas boilers with ground source heat pumps in five academies, whilst also replacing windows and doors and improvements to roofing and insulation.

Alongside the SCA funding, the Trust has almost completed a project, using the Devolved Formula Capital for energy efficiency projects and SCA, to replace any non-LED lights across the whole Trust with LED lighting. Once complete, the whole Trust estate will only have LED lighting. The Trust, seeking to meet sustainability targets, is also beginning a project to install EV chargers at all of its sites.

The majority of the SCA funding is focussed on addressing the condition of its estates. Therefore, the majority of the expenditure is treated as revenue expenditure rather than as capital. The Trust has had some new building projects which are included in Tangible Fixed Assets e.g. an extension to a canteen.

**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 2024, the Trust had Unrestricted Reserves of £5,135,000 (2023 - £4,070,000), Restricted General Reserves deficit of £946,000 (2023 - deficit £149,000), Restricted Pension Reserve of £Nil (2023 - £Nil) and a Fixed Asset Reserve of £110,420,000 (2023 - £107,965,000). All academies within the Trust operated at a cash surplus budget within the year apart from Appleton Thorn Primary School, Penketh High School and the Central Trust. The Trust continues to work to bring all academies to long term financial health. Sir Thomas Boteler Church of England High School recovered from its deficit since joining the Trust.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**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 implemented an investment policy and has identified a number of investment strategies. At 31<sup>st</sup> August 2024, the Trust had £1,108,000 (2023 - £2025,000) in fixed term or term notice accounts across a number of different banks to take advantage of the Financial Services Compensation Scheme. The accounts are primarily 12-month fixed term deposits which is why these are shown as investments and not cash. The reduction in these investments is due to the fact that the monies related to SCA funding for projects that were delayed. As these projects were being completed, as deposits matured, the monies were returned to the Trust to fund the payments to suppliers.

At the beginning of the financial year, the Trust engaged Rathbones Wealth Management to act as advisers in relation to other investments. The Trust invested £4,000,000 via Rathbones in government bonds. At 31<sup>st</sup> August 2024, that investment had risen to £4,072,000 through reinvesting the interest earned in more government bonds.

The Trust also recognises the need to invest in the infrastructure of the Trust in terms of buildings and IT. In this financial year, £535,000 was invested from reserves for the purchase of IT and other equipment in the academies to support their educational aims. The Trust is exploring other investment opportunities to further enhance the educational offer for its students.

The Trust has, through its investment policy, recognised that, due to it using public funds, it must invest in low risk opportunities and take into consideration the advice of a professional investment specialist like Rathbones.

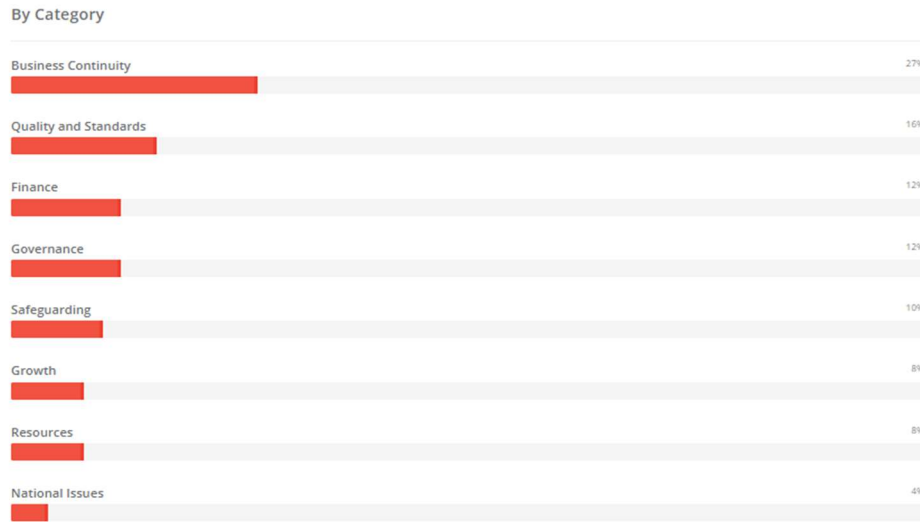
**Principal Risks and Uncertainties**

The Trust has a robust risk management approach. The CEO and Trust central team maintains a risk register through RiskMate software which is reviewed at every Audit and Risk Committee. RiskMate allows dynamic updating of risks and ensures that any required action plans are monitored and completed to plan.

Risks are classified by category and by functional department for both the Trust as a whole and for specific academies.

**THE CHALLENGE ACADEMY TRUST  
TRUSTEES REPORT (continued)  
Year ended 31 August 2024**

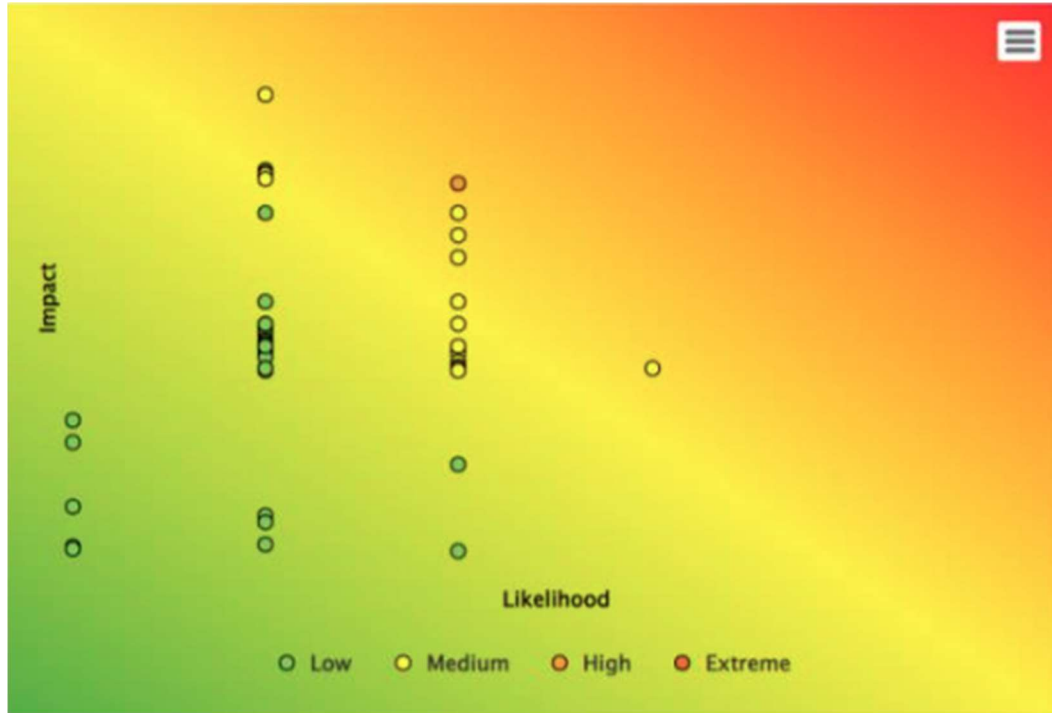
**Principal Risks and Uncertainties – continued**



A heat map enables the Trust to monitor risk and track movement visually. Any risk classified as having a residual high or medium risk level is monitored more closely to ensure relevant mitigations are in place.

**THE CHALLENGE ACADEMY TRUST  
TRUSTEES REPORT (continued)  
Year ended 31 August 2024**

**Principal Risks and Uncertainties – continued**



Any risk classified as having a residual high or medium risk level or where the risk level is deemed to have increased is monitored more closely to ensure all relevant mitigations are in place with in-depth reporting to the Audit and Risk committee of the Trust board.

**FUNDRAISING**

The Trust currently does not employ, or have a contract for services with, a professional fundraiser. The Trust has recently had discussions with a Bid Writer about the possibility of preparing bids. 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. The Headteacher is represented at the Association and any fundraising activities are scrutinised and restricted where necessary. Any promotion of activities is restricted to the parents and families of students at the academies. 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 CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**STREAMLINED ENERGY AND CARBON REPORTING**

<b>UK Greenhouse gas emissions and energy use data for the period</b>	<b>1 Sept 2023 to 31 Aug 2024</b>	<b>1 Sept 2022 to 31 Aug 2023</b>
Energy consumption used to calculate emissions (kWh)	9,215,429	9,112,124
Energy consumption break down (kWh)		
Gas	5,421,270	5,382,633
Electricity	3,755,748	3,691,080
Transport fuel	40,671	38,411
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	991.55	982.65
Owned transport – mini-buses	11.88	10.88
<u>Total scope 1</u>	1003.43	993.53
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	777.63	764.33
<u>Scope 3 emissions in metric tonnes CO2e</u>		
<u>Business travel in employee owned vehicles</u>	5.08	4.20
<u>Total gross emissions in metric tonnes CO2e</u>	1,786.14	1,762.06
<u>Intensity ratio</u>		
Tonnes CO2e per pupil	0.20	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 2024 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 and now has a Sustainability Policy which influences projects financed by the SCA funding.

The Trust application to Round 3 of the Public Sector Decarbonisation Scheme was successful. The Trust, throughout this financial year, worked on delivering the project which has focussed on energy efficiency through insulation, re-roofing, replacing windows and doors and replaced existing gas boilers with ground source heat pumps across five academies. The project will improve energy efficiency and reduce carbon usage. The project completed at four of the academies in November 2024 with the final one due to complete when upgrades to the local electricity sub-station are complete.

**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**STREAMLINED ENERGY AND CARBON REPORTING -continued**

The project is expected to provide the following annual carbon reductions and cost savings:

	<b>Total Annual Carbon Savings in tonnes</b>	<b>Financial Impact</b>
Padgate Academy	183.98	£28,102
Sir Thomas Boteler High School	181.22	£20,618
Broomfields Junior School	59.22	£19,429
Meadowside Primary	103.08	£34,665
Bridgewater - Art and RS Building	19.84	£5,487
<b>Total</b>	<b>547.33</b>	<b>£108,302</b>

In autumn 2024, the Trust started a project to change all the remaining lighting across the estate to LED lighting. This project will be completed in early 2025. During 2025, the Trust will also be seeking to install EV chargers at all of its sites to promote the use of electric vehicles and carbon reduction. In addition, it has also negotiated a staff discount for annual bus passes with the local bus company and also looking at support for rail season tickets.

**PLANS FOR FUTURE PERIODS**

The Trust will continue to drive up standards and school improvement through collaboration. Plans for 2024/25 include:

1. Enhancing the TCAT Education Strategy, TCAT Learns, with a goal of promoting excellence within curriculum, teaching and learning across all TCAT academies.
2. Enhancing the TCAT Operational Strategy with a goal of achieving operational excellence across all TCAT academies.
3. Seeking further opportunities for growth with schools that share our ethos and vision.
4. Continuing to invest the School Condition Allocation funding to address immediate health and safety and condition issues as identified in our comprehensive health and safety and school condition reports.
5. Work with the Department for Education to deliver a new building at Penketh High School
6. Manage significant refurbishment projects at Padgate Academy and Broomfields Junior School.
7. Implement our Sustainability Strategy and continue to develop projects to improve sustainability and energy efficiency



**THE CHALLENGE ACADEMY TRUST**  
**TRUSTEES REPORT (continued)**  
**Year ended 31 August 2024**

**PLANS FOR FUTURE PERIODS – continued**

8. 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.
9. Increase Pupil Admissions Numbers at a number of our academies to fulfil the requirements for school places identified by Warrington Borough Council.
10. Deliver a broad range of training and development opportunities as part of our Education Connect offer and continue to deliver the suite of National Professional qualifications as Area Lead for the Generate Teaching School Hub.
11. Provide support and training to a range of schools external to the Trust on behalf of the Department for Education through the Trust & School Improvement offer.
12. Ensure through planning sufficient capacity to cope with growth in the Trust and ensure that succession planning is also embedded within that planning.
13. To further enhance our people strategy, TCAT Leads, and explore approaches to reducing staff workload, flexible working, well-being and the benefits offer.
14. To research, plan and implement a new TCAT Governance Strategy.
15. To research, plan and implement a new Digital, Communication and Education Strategy.
16. To take on a lease of the Tyn-Y-Felin Outdoor Education Centre on Anglesey and build an outdoor education offer for TCAT pupils and students as part of the Personal Development offer outlined within TCAT Thrives.

**POST BALANCE SHEET EVENTS**

On 1<sup>st</sup> September 2024, The Sutton Academy, a single academy trust, joined the Trust.

**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 2024 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 2024**

**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 19 December 2024 and signed on the board's behalf by:

Signed by:  
  
9885EF1CC046440...

**H Platt**  
Trustee

19 December 2024

**THE CHALLENGE ACADEMY TRUST**  
**GOVERNANCE STATEMENT**  
**Year ended 31 August 2024**

**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 5 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

<b>Trustees</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
H Platt (Chair)	5	5
J Cartwright	4	5
S Davis	3	5
M Grant	-	1
P McEwan	4	5
A Moorcroft (CEO and Accounting Officer)	5	5
L Muir	3	3
S Titchard	3	5
J Warren	3	3
L Waterson	2	5
S Whatmore	3	5
P Winter	2	3
S Yates	5	5

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. In September 2024, the Trust underwent a Financial Management and Governance Review by the Education & Skills Funding Agency and found to be fully compliant.

**THE CHALLENGE ACADEMY TRUST**  
**GOVERNANCE STATEMENT (continued)**  
**Year ended 31 August 2024**

**Governance - continued**

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 committee met four times since 1 September 2023. 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)	4	4
S Titchard (Chair of Committee)	4	4
J Warren	1	1
L Waterson	3	4
S Whatmore	3	4
<b>Co-opted Members</b>		
A Pailing	2	4
G Bratley	1	4

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

**Year ended 31 August 2024**

**Governance - continued**

The committee has met three times since 1 September 2023. 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)	3	3
J Cartwright	1	3
J Warren	2	2
L Waterson (Chair of Committee)	2	3
S Whatmore	1	3
<b>Co-opted Members</b>		
P Dyke	2	3

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 committee has met 3 times since 1 September 2023. 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
L Muir	1	1
J Warren	2	2
P Winter	2	2
S Yates (Chair of Committee)	3	3
<b>Co-opted Members</b>		
K Burns	1	2
J Langstaff	2	2
C Roper	1	3
C Williams	2	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, as well as estates safety and management, achieved in return for the taxpayer resources received.

**THE CHALLENGE ACADEMY TRUST**  
**GOVERNANCE STATEMENT (continued)**  
**Year ended 31 August 2024**

**Review of Value for Money - continued**

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.
- Negotiation of Trust wide discounts or passing of common supplier information through the Trust to improve buying returns.
- The in-house catering service roll out started in June 2022 and has proved successful in improving food and service quality in those academies in which it has been implemented. In the long term, it is expected that the in-house model will also be cheaper. Currently, it is operating at a break-even position which, bearing in mind the rising cost of food, is a satisfactory outcome.
- The Trust ran a number of tender opportunities in 2023/24 e.g. external catering contract, a number of computer equipment tenders, health and safety services and building work totalling over £6,000,000 of expenditure. The tendering exercise improved service and also produced competitive pricing.
- The Trust is beginning to explore internal services to replace external individual contracts at each academy in the provision of estates services. With the Trust now being of the size it is, there may be savings through creating a central services resource that can be charged at a lower cost to an academy than an external contractor rate.

**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 2023 to 31 August 2024 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 2024**

**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 2023 to 31 August 2024 and up to the date of approval of the annual report and financial statements.

The Trust introduced an online risk management tool which is accessible to all Trustees to review at any time. The tool prompts the relevant member of the senior executive team to review and update the risk on a regular basis. The tool is used to inform discussions at the regular business support meetings with the Principals and Headteachers of each academy.

**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 have submitted reports to the Audit Committee on:

- 16-19 Funding Review
- Complaints Handling
- Corporate Governance
- GDPR & Data Protection
- Follow Up Review of Recommendations

A programme of work has been agreed for 2024/25 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. Of the four main reports for the year, two had a 'strong' rating with three having a 'substantial' rating in terms of internal control.

**THE CHALLENGE ACADEMY TRUST**  
**GOVERNANCE STATEMENT (continued)**  
**Year ended 31 August 2024**

**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.

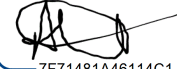
**Conclusion**

Based on the advice of the Audit & Risk Committee and the Accounting Officer, the board of trustees is of the opinion that the academy trust has an adequate and effective framework for governance, risk management and control.

Approved by order of the members of the board of trustees on 19 December 2024 and signed on its behalf by:

Signed by:  
  
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**H Platt**  
Trustee

DocuSigned by:  
  
7F71481A46114C1...

**A Moorcroft**  
Accounting Officer

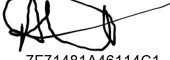


**THE CHALLENGE ACADEMY TRUST**  
**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

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, including for estates safety and management, under the funding agreement 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 Academy Trust Handbook 2023, including responsibilities for estates safety and management.

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 Academy Trust Handbook 2023.

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.

DocuSigned by:  
  
7F71481A46114C1...

**A Moorcroft**  
Accounting Officer  
19 December 2024

**THE CHALLENGE ACADEMY TRUST**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**Year ended 31 August 2024**

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 2023 to 2024
- 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 19 December 2024 and signed on its behalf by:

Signed by:  
  
9885EF1CC046440...  
**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 2024, 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 2023 to 2024 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 2024 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 2023 to 2024.

### **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**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may

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

### **Conclusions relating to going concern - continued**

cast doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Governing Body with respect to going concern are described in the relevant sections of this report.

### **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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

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

In the light of 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.

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

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities set out on page 33, 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.

### **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 compliance matters to identify any instances of non-compliance with laws and regulations
- 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

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


### **Our responsibilities for the audit of the financial statements - continued**

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.

### **Use of our report**

This report is made solely to the 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 Members, as a body, 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 Members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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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

19 December 2024

## **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 2023 to 2024, 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 2023 to 31 August 2024 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 Academy Trust Handbook, extant from 1 September 2023, 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 2023 to 2024. 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 2023 to 31 August 2024 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.


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

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

### **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 2023 to 31 August 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

19 December 2024



**THE CHALLENGE ACADEMY TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 August 2024**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Fund £000	Total 2024 £000	Total 2023 £000
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	107	12,047	12,154	3,380
Transfer from local authority on conversion	31	-	584	3,831	4,415	2,588
Transfer from other academies		-	-	-	-	-
Charitable activities:						
Funding for the academy trust's educational operations	3	-	58,685	-	58,685	52,260
Other trading activities	4	2,654	1,365	-	4,019	2,817
Investments	5	127	-	-	127	1
<b>Total</b>		<u>2,781</u>	<u>60,741</u>	<u>15,878</u>	<u>79,400</u>	<u>61,046</u>
<b>Expenditure on:</b>						
Raising funds	6	1,181	-	-	1,181	985
Charitable activities:						
Academy trust educational operations	7	-	71,284	3,745	75,029	58,937
Other		-	-	-	-	-
<b>Total</b>		<u>1,181</u>	<u>71,284</u>	<u>3,745</u>	<u>76,210</u>	<u>59,922</u>
<b>Net income/(expenditure)</b>		1,600	(10,543)	12,133	3,190	1,124
Transfers between funds	18	(535)	10,213	(9,678)	-	-
<b>Other recognised gains/(losses)</b>						
Pension deficits transferred	31	-	(467)	-	(467)	(159)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	-	-	-	2,110
<b>Net movement in funds</b>		<u>1,065</u>	<u>(797)</u>	<u>2,455</u>	<u>2,723</u>	<u>3,075</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		4,070	(149)	107,965	111,886	108,811
<b>Total funds carried forward</b>	18	<u><u>5,135</u></u>	<u><u>(946)</u></u>	<u><u>110,420</u></u>	<u><u>114,609</u></u>	<u><u>111,886</u></u>

Company Number: **10689247**

**THE CHALLENGE ACADEMY TRUST**

**BALANCE SHEET**

**As at 31 August 2024**

	Note	2024 £000	2023 £000
<b>Fixed assets</b>			
Tangible assets	12	108,648	107,965
<b>Current assets</b>			
Stock	13	7	1
Investments	14	5,180	2,025
Debtors	15	3,736	3,137
Cash at bank and in hand		4,604	9,053
		13,527	14,216
<b>Creditors: amounts falling due within one year</b>	16	(7,399)	(10,083)
<b>Net current assets</b>		6,128	4,133
<b>Total assets less current liabilities</b>		114,776	112,098
<b>Creditors: amounts falling due after more than one year</b>	17	(167)	(212)
<b>Net assets excluding pension liability</b>		114,609	111,886
Defined benefit pension scheme liability	22	-	-
<b>TOTAL NET ASSETS</b>		114,609	111,886
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>			
Fixed asset fund	18	110,420	107,965
Restricted income fund	18	(946)	(149)
Pension reserve	18	-	-
<b>Total restricted funds</b>		109,474	107,816
Unrestricted income funds	18	5,135	4,070
<b>TOTAL FUNDS</b>		114,609	111,886

The financial statements on pages 40-73 were approved by the trustees and authorised for issue on 19 December 2024 and are signed on their behalf by:

Signed by:  
  
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**H Platt**  
 Trustee

**THE CHALLENGE ACADEMY TRUST**  
**STATEMENT OF CASH FLOWS**  
for the year ended 31 August 2024

	Note	2024	2023
		£000	£000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	23	(7,264)	517
<b>Cash flows from investing activities</b>	25	2,871	(1,327)
<b>Cash flows from financing activities</b>	24	(56)	25
		-----	-----
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(4,449)</b>	<b>(785)</b>
		-----	-----
<b>Cash and cash equivalents at 1 September</b>		<b>9,053</b>	<b>9,838</b>
		-----	-----
<b>Cash and cash equivalents at 31 August</b>	26/27	<b>4,604</b>	<b>9,053</b>
		=====	=====

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**

**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 2023 to 2024 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

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(continued)**

**Grants - continued**

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.

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

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(continued)**

**Transfer on conversion - continued**

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.

**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.

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(continued)**

**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.

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 for 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,

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(continued)**

**Liabilities - continued**

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.

**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 15. 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 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and



**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(continued)**

**Financial Instruments - continued**

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 (Teachers Pension Scheme) is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**

(continued)

**Pensions Benefits – continued**

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 22, 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2024. 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 Trust has not recognised the asset that is reported in the actuary's FRS102 pension valuation report, as the Trust may not benefit from the asset through reduced future contributions.

**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

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 August 2024**

(continued)

**Foreign currency translation - continued**

with all resulting exchange differences being taken to income in the period in which they arise.

**2 Donations and capital grants**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2024 £000</b>	<b>Total 2023 £000</b>
Capital grants	-	12,047	12,047	3,277
Other donations	-	107	107	103
<b>Total</b>	<b>-</b>	<b>12,154</b>	<b>12,154</b>	<b>3,380</b>

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

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2024 £000</b>	<b>Total 2023 £000</b>
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	50,512	50,512	44,283
Pupil Premium	-	1,858	1,858	1,807
Recovery Premium & School Led	-	584	584	735
Teacher Pay & Pension Grants	-	1,689	1,689	436
16-19 Discretionary Bursary	-	276	276	315
UIFSM	-	131	131	110
Other DfE/ESFA grants	-	368	368	1,724
ITT Bursaries Grant	-	45	45	64
	-	55,463	55,463	49,474
<b>Other Government grants</b>				
Local authority grants	-	2,750	2,750	2,232
Special educational projects	-	420	420	491
	-	3,170	3,170	2,723
<b>Other grants</b>	-	52	52	63
	-	58,685	58,685	52,260

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2024  
(continued)

**4 Other trading activities**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2024 £000</b>	<b>Total 2023 £000</b>
Hire of facilities	349	-	349	306
Catering income	906	-	906	922
Trips income	-	1,365	1,365	865
Other income	1,399	-	1,399	724
<b>Total</b>	<b>2,654</b>	<b>1,365</b>	<b>4,019</b>	<b>2,817</b>

**5 Investment income**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2024 £000</b>	<b>Total 2023 £000</b>
Short term deposits	1	-	1	1
Fixed term deposits	54	-	54	-
UK government bonds	72	-	72	-
<b>Total</b>	<b>127</b>	<b>-</b>	<b>127</b>	<b>1</b>

**6 Expenditure**

	<b>Staff Costs £000</b>	<b>Non-Pay Expenditure</b>		<b>Total 2024 £000</b>	<b>Total 2023 £000</b>
		<b>Premises £000</b>	<b>Other £000</b>		
Expenditure on raising funds	439	-	742	1,181	985
Academy's educational operations:					
Direct costs	42,628	12,455	11,646	66,729	52,359
Allocated support costs	5,580	1,769	951	8,300	6,578
	<u>48,647</u>	<u>14,224</u>	<u>13,339</u>	<u>76,210</u>	<u>59,922</u>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(continued)**

**6 Expenditure - continued**

Net income/(expenditure) for the period includes:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Operating lease rentals	97	114
Depreciation	3,745	3,775
Impairments to tangible fixed assets	-	79
(Gain)/Loss on disposal of fixed assets	-	-
Fees payable to auditor for:		
• audit	34	32
	<u>          </u>	<u>          </u>

**7 Charitable activities**

	<b>Total</b>	<b>Total</b>
	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Direct costs – educational operations	66,729	52,359
Support costs – educational operations	8,300	6,578
	<u>          </u>	<u>          </u>
	<u>75,029</u>	<u>58,937</u>

**Analysis of support costs**

	<b>Educational</b>	<b>Total</b>	<b>Total</b>
	<b>operations</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Support staff costs	5,580	5,580	5,075
Depreciation	466	466	453
Impairment	-	-	9
Technology costs	107	107	86
Premises costs	1,769	1,769	516
Legal costs – conversion	30	30	13
Legal costs - other	58	58	168
Other support costs	224	224	189
Governance costs	66	66	69
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total support costs</b>	<u>8,300</u>	<u>8,300</u>	<u>6,578</u>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(continued)**

**8 Staff**

**a. Staff costs**

Staff costs during the period were:

	<b>Total 2024 £000</b>	<b>Total 2023 £000</b>
Wages and salaries	35,860	32,018
Social security costs	3,587	3,128
Operating costs of defined benefit pension schemes	7,896	7,335
Apprenticeship levy	172	144
	<b>47,515</b>	<b>42,625</b>
Supply staff costs	1,107	841
Staff restructuring costs	24	9
<b>Total</b>	<b>48,646</b>	<b>43,475</b>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	24	9
	<b>24</b>	<b>9</b>

**b. Severance payments**

The academy trust paid 3 severance payments in the year, disclosed in the following bands:

0 - £25,000	3
-------------	---

**c. Staff numbers**

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

	<b>2024 No.</b>	<b>2024 FTE</b>	<b>2023 No.</b>	<b>2023 FTE</b>
Teachers	479	430	470	420
Administration and support	523	368	511	352
Management	63	62	59	58
<b>Total</b>	<b>1,065</b>	<b>860</b>	<b>1,040</b>	<b>830</b>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(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>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	21	15
£70,001 - £80,000	16	18
£80,001 - £90,000	9	9
£90,001 - £100,000	3	2
£100,001-£110,000	4	4
£110,001-£120,000	-	1
£120,001-£130,000	1	-
£130,001-£140,000	-	-
£140,001-£150,000	-	1
£150,001-£160,000	-	-
£160,001-£170,000	1	-
	1	-

**e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the central executive team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £2,101,958 (2023 - £1,825,255).

**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
- Subscriptions to educational resources

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(continued)**

**9 Central Services - continued**

The Trust charges for these services by a 3.75% levy (2023 – 3.75%) on the school budget allocation. The school budget allocation does not include any high needs funding, pupil premium, universal infant free school meal or any other additional targeted funding stream including self-generated income. The actual amounts charged during the year were as follows:

	<b>Total 2024 £000</b>	<b>Total 2023 £000</b>
Appleton Thorn Primary School	32	13
Beamont Collegiate Academy	238	223
Bridgewater High School	368	347
Broomfields Junior School	61	58
Dallam Community Primary School	5	-
Great Sankey Primary School	56	53
Meadowside Community Primary & Nursery School	57	53
Padgate Academy	165	140
Penketh High School	224	199
Penketh South Community Primary School	36	34
Priestley College	443	394
Sir Thomas Boteler Church of England High School	209	163
	1,894	1,677
	1,894	1,677

**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 2024:**

A Moorcroft (CEO and Trustee)

Remuneration £165,001 - £170,000 (2023 - £145,001 - £150,000)  
 Employer’s pension contribution paid £40,001 - £45,000 (2023 - £35,001 - £40,000)



**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(continued)**

**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.

**12 Tangible fixed assets**

	<b>Freehold Land &amp; Buildings £000</b>	<b>Leasehold Land &amp; Buildings £000</b>	<b>Improvements to Buildings £000</b>	<b>Furniture &amp; 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 2023 - restated	12,305	101,096	8,524	4,752	2,838	8	129,523
Transfers from local authority conversion	-	3,821	-	5	5	-	3,831
Additions	-	-	833	133	204	-	1,170
Transfers to revenue	-	-	(573)	-	-	-	(573)
At 31 August 2024	<u>12,305</u>	<u>104,917</u>	<u>8,784</u>	<u>4,890</u>	<u>3,047</u>	<u>8</u>	<u>133,951</u>
<b>Accumulated depreciation</b>							
At 1 September 2023 - restated	2,669	10,227	2,436	4,305	1,915	6	21,558
Charge for the year	459	1,865	768	162	489	2	3,745
Disposals	-	-	-	-	-	-	-
At 31 August 2024	<u>3,128</u>	<u>12,092</u>	<u>3,204</u>	<u>4,467</u>	<u>2,404</u>	<u>8</u>	<u>25,303</u>
<b>Net book value</b>							
At 31 August 2024	<u>9,177</u>	<u>92,825</u>	<u>5,580</u>	<u>423</u>	<u>643</u>	<u>-</u>	<u>108,648</u>
At 31 August 2023	<u>9,636</u>	<u>90,869</u>	<u>6,088</u>	<u>447</u>	<u>923</u>	<u>2</u>	<u>107,965</u>

In summer 2023, the Trust commenced a decarbonisation project involving 5 academy premises. The initial costs were included in fixed assets. Following a review of the nature of the expenditure in line with FRS102, it was decided that the expenditure was to be treated as revenue expenditure. The transfers to revenue reflect the amounts spent on the early stages of the project that has been now been treated as a revenue expense under FRS102. The project was completed after the current financial year.

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(continued)**

<b>13 Stock</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Uniform	3	-
Catering	4	1
	<u>7</u>	<u>1</u>

<b>14 Investments</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Fixed term bank deposits	1,108	2,025
UK government bonds	4,072	-
	<u>5,180</u>	<u>2,025</u>

The Trust had invested cash in a number of 12-month fixed term deposits and notice accounts with a notice period of between 90 and 120 days in the last financial year. The cash was monies being held to fund the decarbonisation project. As the accounts have matured, the cash has been returned to fund this project.

During the year, the Trust invested £4,000,000 in UK government bonds. Any interest earned has been reinvested to purchase more bonds. Interest is only recognised when paid. The bond investment is shown at the book cost and does not reflect the current market value which is higher than the book cost.

<b>15 Debtors</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	311	75
VAT recoverable	1,199	755
Other debtors	584	405
Prepayments and accrued income	1,642	1,902
	<u>3,736</u>	<u>3,137</u>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(continued)**

<b>16 Creditors: Amounts Falling Due Within One Year</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	3,182	1,957
Other taxation and social security	1,820	1,553
ESFA creditor	11	86
Salix loan	45	56
Other creditors	255	211
Accruals and deferred income	2,086	6,220
	<u>7,399</u>	<u>10,083</u>
<b>Deferred income</b>	<b>£000</b>	
Deferred income at 1 September 2023	5,451	
Released from previous years	(5,451)	
Resources deferred in the year	1,206	
	<u>1,206</u>	

At the balance sheet date, the academy trust was holding monies in advance as detailed:

	<b>£000</b>
High Needs Funding – September 2024 to March 2025	927
Early Years Funding – September 2024 to March 2025	22
UIFSM	80
Payments for educational trips from September 2024	21
Payments in advance from parents for link clubs	14
Income from contracted services	42
Other grants	53
Donations for specific purposes not fully utilised	9
Other income e.g. lettings	38
	<u>1,206</u>

Included within Creditors: Amounts falling due within one year are loans from Salix Finance Ltd. Details of the loans are disclosed in Note 17, Creditors: Amounts falling due in greater than one year.

**THE CHALLENGE ACADEMY TRUST**  
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(continued)

**17 Creditors: Amounts Falling Due in Greater Than One Year**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Salix loan	167	212
<b>Total</b>	<b>167</b>	<b>212</b>

The Trust has 7 loans from Salix Finance Ltd through the Salix Energy Efficiency Fund, having fully repaid one during the year. The loans have all been to undertake work to improve energy efficiency. The loans are all interest free with the expectation that energy savings will fund the repayments. Each loan is repaid by two equal instalments per annum over the term of the loan.

The details of the loans are:

<b>Loan</b>	<b>Duration (Years)</b>	<b>Amount Advanced £000</b>	<b>Annual Repayment £000</b>	<b>Outstanding at 31 Aug 2024 £000</b>	<b>Due within one year £000</b>	<b>Due in greater than one year £000</b>
1	8	174	22	-	-	-
2	8	14	2	2	2	-
3	8	25	3	4	3	1
4	7	88	13	63	13	50
5	8	41	5	31	5	26
6	6	65	11	43	10	33
7	7.5	63	9	51	9	42
8	7.5	23	3	18	3	15
<b>Total</b>				<b>212</b>	<b>45</b>	<b>167</b>

**THE CHALLENGE ACADEMY TRUST**  
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**18 Funds**

	<b>Balance at 1 September 2023 £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Gains, losses and transfers £000</b>	<b>Balance at 31 August 2024 £000</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(3,409)	50,512	(61,639)	9,746	(4,790)
Pupil Premium	-	1,858	(1,858)	-	-
Catch-Up Premium	-	-	-	-	-
Recovery Premium	-	584	(584)	-	-
Pension Reserve	-	-	(467)	467	-
Other grants and donations	-	7,203	(7,203)	-	-
Transfer on conversion	3,260	584	-	-	3,844
	<u>(149)</u>	<u>60,741</u>	<u>(71,751)</u>	<u>10,213</u>	<u>(946)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	95,898	3,831	(2,324)	-	97,405
DfE/ESFA capital grants	6,016	7,145	(1,060)	(4,790)	7,311
Other government grants	5,416	4,798	(132)	(5,389)	4,693
Other grants	1	104	-	(34)	71
Capital expenditure from GAG	45	-	(45)	-	-
Capital expenditure from reserves	589	-	(184)	535	940
	<u>107,965</u>	<u>15,878</u>	<u>(3,745)</u>	<u>(9,678)</u>	<u>110,420</u>
<b>Total restricted funds</b>	<u>107,816</u>	<u>76,619</u>	<u>(75,496)</u>	<u>535</u>	<u>109,474</u>
<b>Total unrestricted funds</b>	<u>4,070</u>	<u>2,781</u>	<u>(1,181)</u>	<u>(535)</u>	<u>5,135</u>
<b>Total funds</b>	<u><u>111,886</u></u>	<u><u>79,400</u></u>	<u><u>(74,315)</u></u>	<u><u>(467)</u></u>	<u><u>114,609</u></u>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(continued)

**18 Funds - continued**

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

	<b>Balance at 1 September 2022 £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Gains, losses and transfers £000</b>	<b>Balance at 31 August 2023 £000</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(2,335)	44,283	(45,464)	107	(3,409)
Pupil Premium	-	1,807	(1,807)	-	-
Catch-Up Premium	89	-	(89)	-	-
Recovery Premium	32	735	(767)	-	-
Pension Reserve	(1,398)	-	(553)	1,951	-
Other grants and donations	-	6,403	(6,403)	-	-
Transfer on conversion	3,211	49	-	-	3,260
	<u>(401)</u>	<u>53,277</u>	<u>(55,083)</u>	<u>2,058</u>	<u>(149)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	95,735	2,539	(2,376)	-	95,898
DfE/ESFA capital grants	5,923	1,638	(1,067)	(478)	6,016
Other government grants	3,909	1,639	(132)	-	5,416
Other grants	3	-	(2)	-	1
Capital expenditure from GAG	200	-	(155)	-	45
Capital expenditure from reserves	340	-	(122)	371	589
	<u>106,110</u>	<u>5,816</u>	<u>(3,854)</u>	<u>(107)</u>	<u>107,965</u>
<b>Total restricted funds</b>	<u>105,709</u>	<u>59,093</u>	<u>(58,937)</u>	<u>1,951</u>	<u>107,816</u>
<b>Total unrestricted funds</b>	<u>3,102</u>	<u>1,953</u>	<u>(985)</u>	<u>-</u>	<u>4,070</u>
<b>Total funds</b>	<u><u>108,811</u></u>	<u><u>61,046</u></u>	<u><u>(59,922)</u></u>	<u><u>1,951</u></u>	<u><u>111,886</u></u>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(continued)**

**18 Funds – continued**

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

	<b>Balance at 1 September 2022 £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Gains, losses and transfers £000</b>	<b>Balance at 31 August 2024 £000</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(2,335)	94,795	(107,103)	9,853	(4,790)
Pupil Premium	-	3,665	(3,665)	-	-
Catch-Up Premium	89	-	(89)	-	-
Recovery Premium	32	1,319	(1,351)	-	-
Pension Reserve	(1,398)	-	(1,020)	2,418	-
Other grants and donations	-	13,606	(13,606)	-	-
Transfer on conversion	3,211	633	-	-	3,844
	<u>(401)</u>	<u>114,018</u>	<u>(126,834)</u>	<u>12,271</u>	<u>(946)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	95,735	6,370	(4,700)	-	97,405
DfE/ESFA capital grants	5,923	8,783	(2,127)	(5,268)	7,311
Other government grants	3,909	6,437	(264)	(5,389)	4,693
Other grants	3	104	(2)	(34)	71
Capital expenditure from GAG	200	-	(200)	-	-
Capital expenditure from reserves	340	-	(306)	906	940
	<u>106,110</u>	<u>21,694</u>	<u>(7,599)</u>	<u>(9,785)</u>	<u>110,240</u>
<b>Total restricted funds</b>	<u>105,709</u>	<u>135,712</u>	<u>(134,433)</u>	<u>2,486</u>	<u>109,474</u>
<b>Total unrestricted funds</b>	<u>3,102</u>	<u>4,734</u>	<u>(2,166)</u>	<u>(535)</u>	<u>5,135</u>
<b>Total funds</b>	<u><u>108,811</u></u>	<u><u>140,446</u></u>	<u><u>(136,599)</u></u>	<u><u>1,951</u></u>	<u><u>114,609</u></u>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(continued)

**18 Funds – continued**

**Total funds analysis by academy**

Fund balances at 31 August were allocated as follows:

	<b>Total 2024 £000</b>	<b>Total 2023 £000</b>
Appleton Thorn Primary School	(3)	29
Beamont Collegiate Academy	721	1,135
Bridgewater High School	977	961
Broomfields Junior School	217	175
Dallam Community Primary School	521	-
Great Sankey Primary School	452	432
Meadowside Community Primary & Nursery School	343	192
Padgate Academy	537	394
Penketh High School	(1,054)	(1,270)
Penketh South Community Primary School	87	51
Priestley College	1,719	2,237
Sir Thomas Boteler Church of England High School	53	(334)
Central Trust Reserves	(381)	(81)
	<hr/>	<hr/>
Total before fixed assets and pensions reserves	4,189	3,921
Restricted Fixed Asset Fund	110,420	107,965
Pension Reserve	-	-
	<hr/>	<hr/>
Total funds	<u>114,609</u>	<u>111,886</u>

Penketh High School joined the Trust with an historic deficit and, at that time, had a decreasing student roll which affected the academy’s financial position with a Ofsted judgement of Requires Improvement for a number of years. The academy undertook a number of restructuring programmes and by August 2022 had achieved its first surplus. The academy currently has a Good Ofsted judgement which the academy has been able to build upon. However, the academy now faces a different challenge due to unexpected local population growth, and, at the request of the Local Authority, has increased the number of students in Year 7 and has admitted 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 due to be replaced under the Priority School Building Programme. The design for the new school has been approved by the Department for Education and it is hoped that the academy will move into the new building in 2026 which will bring another increase to the Year 7 student numbers each year.

When joining the Trust, Sir Thomas Boteler Church of England High School had an historic deficit due to low student numbers and also had an Inadequate Ofsted judgement. The academy currently has an Ofsted judgement of good and has increased numbers through in year admissions and an improved reputation has seen an increase in student numbers. The



**THE CHALLENGE ACADEMY TRUST**  
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(continued)

**18 Funds – continued**

academy is now full and has recovered from its accumulated deficit in this year.

Appleton Thorn Primary School joined the Trust in the previous financial year. At that point, the reception class was a particularly low intake and the academy was not full in each class. In this financial year, the reduced funding was the equivalent of one whole class for a single form entry primary school. The academy has taken steps during the year to improve its position and has also taken students in year which will help funding for 2024/25. Unfortunately, the particularly low class remains an issue as there has not been many in year admissions in this age group. The academy continues to look at ways of reducing costs whilst this low year group remains.

The central trust has invested in new systems and, due to forthcoming growth, invested in new roles to help develop the services it offers the academies. The roles were in advance of the new academies joining in 2024. In addition, the Trust funded an initiative across its secondary schools to improve engagement with students at risk of exclusion. The initiative is being continued in the 2024/25 academic year with the secondary schools providing some funding towards the cost. At present, the costs are not fully covered by this, however, the Trust has been discussing options with other secondary schools and the local authority.

**Analysis of net assets between funds**

Fund balances at 31 August 2024 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	-	-	108,648	108,648
Current assets	5,135	6,620	1,772	13,527
Current liabilities	-	(7,399)	-	(7,399)
Non-current liabilities	-	(167)	-	(167)
Pension scheme liability	-	-	-	-
<b>Total net assets</b>	<b>5,135</b>	<b>(946)</b>	<b>110,420</b>	<b>114,609</b>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(continued)

**18 Funds – continued**

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	-	-	107,965	107,965
Current assets	4,070	10,146	-	14,216
Current liabilities	-	(10,083)	-	(10,083)
Non-current liabilities	-	(212)	-	(212)
Pension scheme liability	-	-	-	-
<b>Total net assets</b>	<b>4,070</b>	<b>(149)</b>	<b>107,965</b>	<b>111,886</b>

**19 Capital commitments**

	<b>2024 £000</b>	<b>2023 £000</b>
Contracted for, but not provided in the financial statements	653	4,128
Authorised but not contracted for	1,548	5,052

**20 Commitments under operating leases**

**Operating leases**

At 31 August 2024 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2024 £000</b>	<b>2023 £000</b>
<b>Other</b>		
Due within one year	97	179
Due between two and five years inclusive	242	266
	<u>339</u>	<u>380</u>

**21 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.

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(continued)**

**22 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 2020 and the CPF 31 March 2022. Contributions amounting to £1,018,585 were payable to the schemes at 31 August 2024 (2023 - £782,900) 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 2020. The valuation report was published by the Department for Education on 30 October 2023. The key elements of the valuation and subsequent consultation were:

- employer contribution rates set at 28.68% 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 £262,000 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million giving a notional past service deficit of £39,800 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The next valuation result is due to be implemented from 1 April 2028.

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(continued)**

**22 Pension and similar obligations - continued**

The employer's pension costs paid to TPS in the period amounted to £6,047,039 (2023 - £4,924,544).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>).

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

**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 2024 was £2,901,656 (2023 - £2,446,923) of which employers contributions totalled £2,227,798 (2023 - £1,905,432) and employees contributions totalled £673,858 (2023 - £541,491). 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 16.8% 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 and on 21 July 2022, The Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

**Principal Actuarial Assumptions**

	<b>2024</b>	<b>2023</b>
Rate of increase in salaries	3.35%	3.7%
Rate of increase for pensions in payment/inflation	2.65%	3.0%
Discount rate for scheme liabilities	5.0%	5.2%
Inflation assumption (CPI)	2.65%	3.0%
Commutation of pensions to lump sums	65%	50%

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(continued)**

**22 Pension and similar obligations - continued**

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

	<b>2024</b>	<b>2023</b>
Retiring today		
Males	20.9	20.2
Females	23.9	24.0
Retiring in 20 years		
Males	21.5	20.9
Females	25.2	24.9

**Sensitivity Analysis**

	<b>2024</b>	<b>2023</b>
<b>Change in assumption</b>	<b>£000</b>	<b>£000</b>
0.1% decrease in Real Discount Rate	807	708
Mortality assumption – 1 year increase	1,558	1,338
0.1% increase in the Salary Increase Rate	37	67
0.1% increase in the Pension Increase Rate (CPI)	787	654

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

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Equities	22,700	18,587
Bonds	14,134	11,796
Property	5,568	5,004
Cash	428	358
<b>Total Market Value of Assets</b>	<b>42,830</b>	<b>35,745</b>

The actual return on scheme assets was £3,432,000 (2023 - deficit £1,276,000)

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(1,931)	(2,400)
Past service cost	-	(3)
Interest income	1,921	1,528
Interest cost	(1,797)	(1,599)
<b>Total amount recognised in the SOFA</b>	<b>(1,807)</b>	<b>(2,474)</b>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(continued)

**22 Pension and similar obligations – continued**

<b>Changes in the present value of defined benefit obligations were as follows:</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	33,481	36,329
Conversion of academy trusts	1,952	418
Transferred in on existing academies joining the trust	-	-
Current service cost	1,931	2,400
Interest cost	1,797	1,599
Employee Contributions	644	539
Actuarial (gain)/loss	-	-
Benefits paid	(720)	(626)
Losses or gains on curtailments	-	-
Past service cost	-	3
Change in demographic assumptions	(78)	(560)
Change in financial assumptions	(1,169)	(8,787)
Other experience	1,117	2,166
	<hr/>	<hr/>
<b>At 31 August</b>	<b>38,955</b>	<b>33,481</b>
	<hr/> <hr/>	<hr/> <hr/>

<b>Changes in fair value of academy's share of scheme assets</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	33,481	34,931
Conversion of academy trusts	1,485	259
Transferred in on existing academies joining the trust	-	-
Interest income	1,921	1,528
Actuarial gain/(loss)	1,511	(2,326)
Employer contributions	2,244	1,918
Employee contributions	644	539
Benefits paid	(720)	(626)
Other experience remeasurements	-	(478)
Notional asset not being recognised	(1,611)	(2,264)
	<hr/>	<hr/>
<b>At 31 August</b>	<b>38,955</b>	<b>33,481</b>
	<hr/> <hr/>	<hr/> <hr/>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2024**  
**(continued)**

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

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	3,190	1,124
Adjusted for:		
Depreciation	3,745	3,775
Reclassification of asset as expenditure	591	-
Impairments	-	79
Fixed assets transferred on entry to the Trust	(3,831)	(2,539)
Capital grants from DfE and other capital income	(12,047)	(3,277)
Capital grants received but expenditure treated as revenue expenditure	4,361	-
Interest receivable	(127)	(1)
Defined benefit pension scheme cost less contributions payable	(313)	485
Defined benefit pension scheme finance cost	(124)	71
(Increase)/decrease in stocks	(6)	4
(Increase)/decrease in debtors	(696)	353
Increase/(decrease) in creditors	(2,007)	443
<b>Net cash provided by / (used in) Operating Activities</b>	<b>(7,264)</b>	<b>517</b>

**24 Cash Flows from financing activities**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Repayment of Salix Loans	(56)	(61)
Cash inflows from new Salix Loans	-	86
	<b>(56)</b>	<b>25</b>

**25 Cash flows from investing activities**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Dividends, interest and rents from investments	127	1
Transfers from/to fixed term deposit investments	917	(2,025)
Transfer to UK government bonds	(4,072)	-
Capital grants from DfE/ESFA	2,567	3,892
Capital grants from Salix Finance	4,839	251
Payments for the purchase of fixed assets	(1,507)	(3,446)
	<b>2,871</b>	<b>(1,327)</b>

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(continued)**

**26 Analysis of cash and cash equivalents**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Cash in hand and at bank	4,604	9,053

**27 Analysis of changes in net debt**

	<b>Balance at 1 September 2023</b>	<b>Cash flows</b>	<b>New Salix Loans</b>	<b>Other non-cash changes</b>	<b>Balance at 31 August 2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash	9,053	(4,449)	-	-	4,604
Salix loans due within one year	(56)	56	-	(45)	(45)
Salix loans due after more than one year	(212)	-	-	45	(167)
<b>Total</b>	<b>8,785</b>	<b>(4,393)</b>	<b>-</b>	<b>-</b>	<b>4,392</b>

**28 Contingent Liabilities**

The Trust is currently dealing with an historic legal claim from a past employee which pre-dates the formation of the Trust. The Trust is making a defence of the case and is also seeking to invoke the warranties within the transfer agreement and the employer’s liability insurance relevant to the employer at the time. Based upon legal opinion and the existence of the warranties, the Trust has decided not to provide for any potential damages award.

**29 Related party transactions**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted 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.



**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(continued)**

**29 Related party transactions - continued**

During the period, all the academies within the Trust received income for the provision of high needs education and purchased services from the Local Authority under Service Level Agreements.

<b>Type of transaction</b>	<b>Total incurred during period £000</b>	<b>Outstanding at 31 August £000</b>
Education Funding	2,747	Nil
Other income	35	5
Purchase of Services	1,295	778

Priestley Education & Training Trust (PETT) – S Yates and M Grant (trustees of the Trust) are trustees in this charitable trust. The trust helps provide support to past and present students of Priestley College. 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 £2,153 (2023 - £2,225). PETT refund the College periodically after the College has offset any income received due to fundraising by staff and students during the year. The balance outstanding at 31 August 2024 was a creditor of £383 due to monies having been donated to PETT via the College (2023 - £355 included in Other Debtors) which is included in Other Creditors.

**30 Agency arrangements**

The Trust distributes the ESFA discretionary 16-19 bursary to students as an agent for the ESFA. The Trust disbursed £300,843 (2023 - £315,432) in the year and the amount underspent £19,190, is included in Other Creditors to be used next year.

**31 Academy trust with a newly converted academy**

On 1<sup>st</sup> August 2024, Dallam Community Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Challenge Academy Trust from Warrington Borough Council for £nil consideration.

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

**THE CHALLENGE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(continued)**

**31 Academy trust with a newly converted academy- continued**

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

	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Fund £000</b>	<b>Total 2024 £000</b>
<b>Tangible fixed assets</b>				
Leasehold land and buildings	-	-	3,821	3,821
Other tangible fixed assets	-	-	10	10
<b>Current assets</b>				
Cash – representing budget surplus on LA (Local Authority) funds	-	584	-	584
<b>Non-current liabilities</b>				
LGPS pension deficit	-	(467)	-	(467)
<b>Net assets</b>	<u>-</u>	<u>117</u>	<u>3,831</u>	<u>3,948</u>

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

There were no transfers of existing academies into the Trust in the year.

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

On 1<sup>st</sup> September 2024, The Sutton Academy Trust joined the Trust. The Sutton Academy is a secondary academy, with a sixth form, that is based in St. Helens. The academy has a student population of 1,458. The academy has been working with the Trust for some time and is rated Good at its last Ofsted inspection.

South Wirral High School was approved to join the Trust in Spring 2024. The Trust is in the closing stages of the transfer to the Trust and expected to join on 1<sup>st</sup> February 2025.

The Trust had a Financial Management and Governance Review undertaken by the Education and Skills Funding Agency in September 2024. The review was a positive review with the Trust found to be fully compliant with the Academy Trust Handbook.