

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

**Annual Report and Financial Statements
Year ended 31 August 2016**

**Company Registration Number:
09270040 (England and Wales)**



Challenger Multi-Academy Trust

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Challenger Multi-Academy Trust

Reference and Administrative Details

Members	Charles Rigby Martin Smout Graeme Guthrie (<i>resigned 2 June 2016</i>) The Challenger Trust
Trustees	Martin Smout Charles Rigby Graeme Guthrie (<i>resigned 2 June 2016</i>) Peter Knell Stephen Chamberlain
Senior Management Team: Chief Executive Officer Director of finance and administration	Stephen Chamberlain Beverley Dowsett (<i>Acting</i>) Paul Atkinson (<i>Acting</i>)
Company Name	Challenger Multi-Academy Trust
Principal and Registered Office	Abbey House Manor Road Coventry CV1 2FW
Company Registration Number	09270040
Independent Auditor	Crowe Clark Whitehill LLP St Brides House Salisbury Square London EC4Y 8EH
Bankers	Lloyds Bank PLC Chepstow Branch 7 Manor Way Chepstow Monmouthshire NP16 5HZ
Solicitors	Veale Wasbrough Vizards LLP Orchard Court Orchard Lane Bristol BS1 5WS

THE CHALLENGER MULTI ACADEMY TRUST

Trustees' report

DIRECTORS' REPORT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

During the year, the Trust operated three schools in Bedfordshire:

- Lancot School ('LC'), based in Dunstable in Bedfordshire, which converted as a fast track academy on 1st September 2015, when it joined the Trust. Prior to this, the school had been judged by Ofsted to have 'Serious Weaknesses'.
- Robert Bruce Middle School ('RBMS'), based in Kempston, which converted to an academy on 1st November 2015. RBMS joined the Trust as a sponsored academy having recently emerged from an Ofsted category of concern.
- Hastingsbury Business and Enterprise College ('HBEC') also based in Kempston, which converted as a fast track academy on 1 November 2015.

Its academies had a combined pupil roll of 1,204 in the Summer 2016 Term's school census.

The financial statements have been prepared in accordance with the accounting policies on page 26 of this document, and comply with the charitable company's Articles of Association, the Academies Accounts Direction issued by the EFA, the Companies Act 2006 and Charities SORP (FRS102). The financial results for the Trust presented in these accounts for the year to 31 August 2016 and the financial position at 31 August 2016 only include the central trust activities and the individual academies.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

Details of the trustees who were in office at 31 August 2016 and who served during the year are included in the Reference and Administration Details on page 1.

Members' Liability

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

Directors' Indemnities

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

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

Method of Recruitment and Appointment or Election of Trustees

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure

The Challenger Board meets on a monthly basis throughout the year and receives monthly reports from the Chief Executive and Chief Operating and Financial Officer. A clerk/company secretary was appointed in January 2016.

Since the year end, a Finance, Audit and Risk Committee was formed. Resources are considered as part of the main board agenda items.

As the Trust continues to grow, the Board has in place a development plan for increasing infrastructure. In August 2016, the Trust formed a Standards Committee, comprised of the Chief Executive and Diana Osagie, an experienced headteacher and Ofsted Inspector and Caroline Pardy, an Ofsted trained Lead Inspector.

The Trust has had an Executive Education Committee in place from September 2015 that meets on a half termly basis. From January 2017, this has been extended to comprise the Chief Executive, Chief Operating and Financial Officer, Senior Project Manager, Director of Teaching & Leadership, Learning and Teaching, the Executive Assistant to the CEO and Principals from each of the academies.

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

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

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

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

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

Related Parties and other Connected Charities and Organisations

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

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

Full details of the transactions are disclosed in note 24 to these financial statements.

Arrangements for setting pay and remuneration for key management personnel

Trustees do not receive any remuneration for their role.

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

OBJECTIVES AND ACTIVITIES

Objects, Aims and Objectives

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

Objectives, Strategies and Activities

The main objectives of the Trust during the year ended 31st August 2016 are summarised below. The Trust's main strategy is encompassed in its mission statement which is:

'Our vision is to build a collaborative partnership of schools that will provide outstanding educational provision both in and outside the classroom through challenge and promoting excellence. We welcome pupils from all backgrounds and will work to provide them with a comprehensive range of learning opportunities that will be personalised for pupils and draw on the principles and practice of 'Learning Outside the Classroom' (LOtC) and models of Engaging Schools'. Our key foci are on progress and partnership. School improvement is also based on school-to-school support developed through a model of collaborative autonomy. It is through clear leadership, service, creativity and high aspirations in our schools that we will inspire and embed core values in our young people, staff and communities.'

Our Approach

School Improvement

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

Our school improvement strategy has six key strands;

1. Effective Leadership and Governance

Outstanding principals and senior leadership teams.
Distributed leadership models across the academy group.
Focus on pedagogy and standards of achievement.
Contributes to the leadership and capacity of The Challenger Trust.
Quality leadership coaching and mentoring.

2. High Quality Teaching and Learning

Outstanding teaching and learning- 'Quality First Teaching'
Intensive continuous professional development and practice.
Personalised according to need through links with teaching schools/Future Leaders and other providers of high quality CPD for Challenger teachers.
High expectations and aspirations across the group.
Assessment for learning-driving performance.
Outcomes driven – learning outcomes across the curriculum.

3. Supportive and Engaging Learning Environments

Attractive learning environments that promote engagement.

Learning environments within and beyond the classroom that challenge and inspire,

Positive ethos and culture-high aspirations-excellent behaviour,

Pupil/student voice and leadership programmes- a Learning Commission.

4. Curriculum for the Future

Core learning skills, literacy, numeracy and communication.

Broad 'engagement' curriculum offer – personalised and motivational;

Active learning opportunities through the arts, sport and adventure learning.

Blended learning – maximising use of new technologies.

Local & Global citizenship and understanding.

High quality careers education, information, advice and guidance

Pupil leadership – harnessing entrepreneurial talent-real world application.

5. Community Engagement

Parental involvement-engaging parents as the primary carers in a partnership with the Trust and our academies and schools.

Community partners – sports and arts centres, outdoor education groups, businesses and social enterprises that can contribute to real world learning and promote engagement.

Children's Services and Multi-Agency teams to support young people to overcome barriers to learning.

Local partnerships with teaching schools, learning providers: alternative and vocational courses, colleges and other schools.

6. The Challenger Diploma

The Challenger Diploma is an integral part of our improvement programme. Each child or young person, in both primary and secondary phases will tackle the diploma through an individually tailored programme designed to suit their personal co-curricular interests, skills and developmental needs. Throughout the programme, they will be encouraged to reflect on how their learning in one area of school life may help them in another unifying their co-curricular programme into a single coherent learning experience:

- Personal Challenge.
- Volunteering, Community & Service Programme.
- Leadership Programme.
- Creativity and Skills Programme.
- Sports Programme.
- Trips and Events Programme.
- Academic Extension Programme.
- Work and Professional Skills Programme.
- Employability and Internship Programme.

Public Benefit

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

During the year, our first schools joined the Trust and converted to academies with Lancot joining 1 September 2015, and RBMS and HBEC joining on 1 November 2015. Lancot School has previously been in an Ofsted category of concern prior to conversion. Similarly, RBMS had only recently been removed from an Ofsted judgement of 'Inadequate' to 'Requires Improvement'. Both these schools faced significant challenges prior to conversion to academy status.

As part of the reorganisation of schools from a three to a two-tier system in Kempston, RBMS and HBEC merged to form a single academy, KCA, effective 1 September 2016. This ensured that both academies could be sustainable as both were subject to falling rolls due to poor reputations in the local community and increased competition from other education providers. This change was also necessary to ensure a high-quality learning experience for pupils, a coherent curriculum provision and increased rates of progress to raise standards at both academies at a time when accountability measures at both KS2 and KS4 have changed to reflect greater levels of challenge.

As part of its work in Kempston, the Trust provided school improvement support to Daubeney Academy from January 2016 to help them improve their Ofsted grading from 'Requires Improvement'. Following a successful inspection in May 2016, Daubeney was judged to be 'Good' and as a result the trustees of the academy agreed to formally join the Trust (effective 1 September 2016). As a middle deemed secondary school, Daubeney is also subject to change as part of the three to two-tier conversion and has been approved by the DfE to become an 11-16 academy serving with KCA as one of two secondary provisions in the town.

Following further discussions with relevant local authorities and the Department for Education, The Deanes School joined the Trust on 1st October 2016 as a sponsored academy. At its last inspection in June 2015 the school was given a 'Requires Improvement' judgement for 'Overall Effectiveness'. The school has been subject to falling roles over recent years.

Haleigh Junior School, an academy also in Essex has recently been approved to join the Trust in 2017. It was judged by Ofsted to be a 'Good' school in December 2013.

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

Key Performance Indicators

As schools converted to academies with the Trust at the start or partway through the academic year, the primary focus for the education team was to undertake comprehensive educational due diligence, establish priorities for improvement and develop rapid attainment and improvement plans, in order to raise standards. This has resulted in changes to leadership or required additional leadership support in order to stabilise the academies and

accelerate improvements. Results in 2015 were below national expectations in all areas as the predecessor schools had not prepared adequately for converting from a lower to a primary provision and the rigour needed for the new Key Stage 2 tests or provided a curriculum compliant with the new Progress 8 accountability measures. Effective action has been taken by the trust to address these issues and recent evaluations and external quality assurance reviews shows that the academies are making rapid improvements. Headteachers presented their Academy Improvement Plans to trustees in October 2016 and the trust's Head of Standards and the CEO provide regular updates on progress at the monthly board meetings.

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

- 75% of Early Years Foundation Stage children achieve a good level of development.
- 60% of pupils meet national Key Stage 2 expectations in reading, writing and maths.
- 50% of pupils achieve 9-4 grades in English and Maths GCSE.
- Secondary academies average a Progress 8 score of at least between 0.0- +0.25.
- Positive Post-16 value added in all secondary academies.
- Outcomes demonstrate that gaps in achievement and progress for Pupil Premium, SEND and other vulnerable groups are closing rapidly.
- 100% of pupils and students are engaged in activities that count towards achieving the Challenger Diploma at various levels.

Going Concern

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

FINANCIAL REVIEW

Financial report for the year

The Trust's total incoming resources for the year to 31 August 2016 amounted to £32,361,140, largely relating to acquisitions, EFA and other authority pupil funding and grant funding for school improvement, start-up and environment improvement. The Trust held fund balances of £22,170,042 at 31 August 2016. Full results for the year are shown on page 23.

When considering the Trust's underlying revenue reserves position at 31 August 2016, removing the impact of movements in pension liabilities, which do not require full settlement in the short term, and fixed assets held by the Trust, the Trust held revenue reserves of £455,444 at 31 August 2016 (2015: £232,553).

Underlying Reserves table		
	2016	2015
	£	£
Total Reserves	22,170,042	232,553
Less: fixed asset restricted fund	(24,867,598)	-
Add: Pension reserve	3,153,000	-
Total revenue reserves exc pension	455,444	232,553
Being:		
Restricted revenue reserves	267,284	232,553
Unrestricted revenue reserves	181,160	-
Total	455,440	232,553

Reserves Policy

The Trust is largely funded by grants from the Department for Education, the use of which is regulated by its Funding Agreement. The Trust's total reserves of £22,170,042 comprise unrestricted revenue funds of £181,160, restricted revenue funds of £267,284 and restricted fixed asset funds of £24,867,598 at 31 August 2016. The Trust is still in the early stages of development and continues to build reserves. The Directors are working towards developing a formal reserves policy for the Trust in order to provide sufficient working capital to cover delays between spending and receipt of funding and to provide resources to deal with unexpected emergencies. Our aim is to hold free reserves equating to 3 months of central Trust expenditure, based on the central Trust budget in place for that academic year. Central Trust reserves are then available for supporting existing academy deficits and unexpected cash flow requirements at the academies and within the central Trust. Alongside this, the Trust continues to adopt the approach of reducing and removing acquired structural deficits at academies in a short timeframe post acquisition. Currently, free reserves do not represent the targeted level of 3 months, largely as a result of the early stage development of the Trust. However, with the anticipated growth in the number of academies in the Trust during the next phase of our growth we are targeting reaching this level of free reserves in the next 2 financial years.

The local government pension scheme liabilities are recognised in the accounts as a significant deficit within restricted funds of £3,153,000. However, this does not mean there is an immediate liability for the total amount, rather the balance reflects the potential for increases in employer contributions in future years.

Investment Policy

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

Principal Risks and Uncertainties

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

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

The key risks identified at present are as follows:

- **Safeguarding** – Senior Management and the Trustees are very focussed on the importance of safeguarding. The Trust operates carefully controlled processes in relation to staff selection, child protection training and policies, health and safety and discipline. We continue to regularly review these aspects at each of our academies. The Trust is starting a programme of additional health and safety reviews at its academies in early 2017, with a view to implementing the British Safety Council 5* programme at an appropriate stage of the Trust's development. Currently, the Trust is also reviewing the potential addition of further security fencing at some of its sites to enhance safeguarding.
- **Financial stability and growth** – whilst the trustees consider that the Trust remains a going concern, to maintain the preferred level of educational and school improvement support for its academies, the Trust will need to continue to grow in terms of pupil numbers and acquisitions. This will increase the available economies of scale and provide access to additional funding. The Trust continues to seek acquisitions to grow the number of academies in the MAT and remains focussed on growth at its existing academies. The Trust is expanding its operations to cover additional sites and additional provision and is conscious of the need to maintain a strong focus on its core standards and to continue to develop educational standards. This risk is mitigated in several ways, including the development of a well-defined expansion plan with clear objectives and responsibilities and ensuring appropriate management and delivery resources are in place when required.
- **Reputational risk** – with the current early stage development of the MAT and with an increasing level of competition in its current markets, reputation is a key factor in the future success of the MAT. Safeguarding, quality of service and results and parental and pupil feedback are very important parts of this reputation. Adverse publicity is likely to impact the rate of growth of the Trust in terms of pupil numbers, acquiring further academies and financial performance.

PLANS FOR FUTURE YEARS

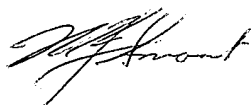
On 1 September 2016, RBMS and HBEC merged to form KCA. Daubeney Academy and The Deanes joined the Trust on 1 September 2016 and 1 October respectively, increasing the Trust's portfolio to four academies. Hadleigh Junior School has been approved by the DfE to join the trust in 2017 and further acquisitions are planned in the near future, with the underlying plan to grow to eight to ten academies by the end of the calendar year 2017.

AUDITOR

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating the Strategic Report, was approved by the trustees on 22 December 2016 and signed for and on their behalf by:

A handwritten signature in black ink, appearing to read 'M. Smout', written in a cursive style.

Martin Smout
Chair of Board

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Challenger Multi Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Challenger Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

Governance

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

The Board has formally met 12 times during the year in full session. Attendance during the year at meetings of the Board was as follows:

Director	Meetings attended	Out of a possible
Charles Rigby	11	12
Martin Smout	12	12
Graeme Guthrie	8	10
Peter Knell	7	12
Stephen Chamberlain	12	12

Governance review

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

Other Committees

In November 2016, a Finance, Risk and Audit Committee was formed and has met twice ahead of the date of these financial statements being signed. As noted above, a Standards Committee was recently formed and the newly planned Educational Executive Committee is meeting in January 2017 for the first time.

Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that

value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Trust has delivered improved value for money during the year going forward by:

- Using an approved Curriculum Led Financial Planning Tool to keep staffing structures under review and deploy staff efficiently to support an improved curriculum, or to target areas of the curriculum in need of development;
- Focusing on individual pupils: managing the differing needs of pupils, such as those requiring one to one support, and those requiring more stretch and challenge;
- Engaging with other educational providers and experts to share delivery or good practice, and to drive up standards for the least cost developing shared services across the Trust;
- Exploring possibilities to develop the Challenger Diploma model across all Challenger academies;
- Developing a single reporting model for financial governance the Trust and individual academies that allows strong oversight by the trustees and Accounting Officer;
- Appraising and negotiating services and contracts to get the best mix of quality and effectiveness for the least cost such as ICT and HR and benchmarking these where appropriate;
- Taken opportunities to work collaboratively with others to reduce and share administration and procurement costs and to explore where staffing across academies can reduce costs and achieve economies of scale; and
- Reviewing controls and managing risks: employing an experienced Chief Operating and Financial Officer to further develop the Trust's systems and operations.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trustees have reviewed the key risks to which the academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is reviewed in detail once a year by the Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and monthly financial reports which are reviewed and agreed by principal Accounting Officer and the governing body;
- 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 trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have approved Responsible Officer reviews at each of its academies, starting from early 2017, with a specifically agreed scope and program to ensure key risk and processes are reviewed in further depth on a rotational basis.

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

Review of Effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the two experienced Finance Directors during the year, appointed as consultants to the Trust. Over the last few months the Finance Directors have left the Trust and a Chief Operating and Financial Officer has been appointed to continue the growth of the Trust's central resources;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the academy Trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the governing body on 22 December 2016 and signed on its behalf by:



Martin Smout
Chair of Board



Stephen Chamberlain
Chief Executive/Accounting Officer

Statement on Regularity, Propriety and Compliance

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

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

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



Stephen Chamberlain
Accounting Officer

22 December 2016

Statement of Trustees' Responsibilities

The Directors (who act as trustees for charitable activities of The Challenger Multi Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting-Practice) and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and, expenditure, for that year. In preparing these financial statements, the directors are required to:

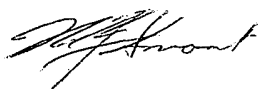
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the governing body on 22 December 2016 and signed on its behalf by:



Martin Smout
Chair of CMAT Board

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

We have audited the financial statements of The Challenger Multi Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies' Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors (who are also the trustees of the charitable company for the purpose of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report, the Directors' Report and any other surrounding information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Academies' Accounts Direction 2015 to 2016 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

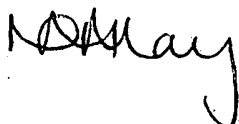
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report, Directors' Report and any other surround for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Nicola May
Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor
St Brides House
Salisbury Square
London
EC4Y 8EH

23 December 2016

Independent Reporting Accountant's Assurance Report on Regularity to The Board of Challenger Multi Academy Trust and the Education Funding Agency for the year ended 31 August 2016

In accordance with the terms of our engagement letter dated 20 January 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by The Challenger Multi Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the governing body and the EFA in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Board of The Challenger Multi Academy Trust and the EFA 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 Board and the EFA, for our review work, for this report, or for the conclusion we have formed.

Respective responsibilities of the accounting of The Challenger Multi Academy Trust and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Challenger Multi Academy Trust's Academy Order agreement with the Secretary of State of Education and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy Trust's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy Trust's

internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP

Statutory Auditor

St Brides House
Salisbury Square
London
EC4Y 8EH

23 December 2016

Challenger Multi-Academy Trust

Statement of Financial Activities for the year ended 31 August 2016 (including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016	Total 2015
	Note	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	3	12,409	-	-	12,409	-
Transfer from local authority on conversion	25	10,699	258,523	25,151,140	25,420,362	-
Charitable activities:						
Funding for the academy trust's educational operations	4	-	6,763,317	-	6,763,317	344,100
Other trading activities	5	164,537	-	-	164,537	-
Investments	6	515	-	-	515	-
Total		188,160	7,021,840	25,151,140	32,361,140	344,100
Expenditure on:						
Raising funds	7	-	-	-	-	-
Charitable activities:						
Academy trust educational operations	7, 8	-	7,069,109	283,542	7,352,651	111,547
Transfer from local authority on conversion	25	-	2,076,000	-	2,076,000	-
Other					-	-
Total		-	9,145,109	283,542	9,428,651	111,547
Net income / (expenditure)		188,160	(2,123,269)	24,867,598	22,932,489	232,553
Transfers between funds	15	-	-	-	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	23	-	(995,000)	-	(995,000)	-
Net movement in funds		188,160	(3,118,269)	24,867,598	21,937,489	232,553
Reconciliation of funds						
Total funds brought forward		-	232,553	-	232,553	-
Total funds carried forward		188,160	(2,885,716)	24,867,598	22,170,042	232,553

All of the funds received in the prior year related to start up and were restricted funding.

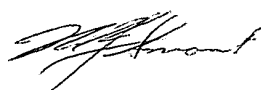
Challenger Multi-Academy Trust

Balance Sheet as at 31 August 2016

Company Number 09270040

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	12		24,867,598		-
Current assets					
Debtors	13	232,567		26,935	
Cash at bank and in hand		<u>667,155</u>		<u>251,822</u>	
		899,722		278,757	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(444,278)</u>		<u>(46,204)</u>	
Net current assets			<u>455,444</u>		<u>232,553</u>
Total assets less current liabilities			25,323,042		232,553
Net assets excluding pension liability			<u>25,323,042</u>		<u>232,553</u>
Defined benefit pension scheme liability	23	<u>(3,153,000)</u>			-
Total assets			<u>22,170,042</u>		<u>232,553</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	15	24,867,598		-	
. Restricted income fund	15	267,284		232,553	
. Pension reserve	15	<u>(3,153,000)</u>			-
Total restricted funds			21,981,882		232,553
Unrestricted income funds	15		<u>188,160</u>		-
Total funds			<u>22,170,042</u>		<u>232,553</u>

These financial statements were approved by the trustees, and authorised for issue on 22 December 2016 and are signed on their behalf by:



Martin Smout
Chair of Board

Challenger Multi-Academy Trust

Statement of Cash Flows for the year ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	19	414,818	251,822
Cash flows from investing activities	21	515	-
Cash flows from financing activities	20	-	-
Change in cash and cash equivalents in the reporting period		415,333	251,822
Cash and cash equivalents at 1 September 2015		251,822	-
Cash and cash equivalents at the 31 August 2016	22	667,155	251,822

PRINCIPAL ACCOUNTING POLICIES

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

Basis of Preparation

The financial statements of The Challenger Multi Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

These financial statements are the first financial statements of The Challenger Multi Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The Challenger Multi Academy Trust for the period ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the period ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 17 October 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

There were no material changes as the result of the adoption of FRS102.

There has been no impact on the opening reserves position as a result of the transition to FRS 102.

PRINCIPAL ACCOUNTING POLICIES (continued)

Going Concern

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

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

The Directors, supported by the National Executive, have considered the above factors alongside the current reserves position and consequently, the Directors believe that the Trust is well placed to manage its business risks successfully despite the current uncertain national economic outlook. The Directors have assessed whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. This assessment has been made in respect of a period of one year from the date of the approval of the financial statements. Thus, we believe the going concern basis of accounting in preparing these annual financial statements is appropriate.

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

- **Pension liabilities** – The Trust recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 23.
- **Valuation of land and buildings** – The Trust's land and buildings are stated at their estimated fair value based on professional valuations as disclosed in note 12.

PRINCIPAL ACCOUNTING POLICIES (continued)

Income

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

Grants receivable are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where the entitlement occurs before income is received, the income is accrued.

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

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

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

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

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

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

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

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

PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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

Expenditure on Raising Funds

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

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Taxation

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

Fund Accounting

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

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

Tangible Fixed Assets

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over the expected useful economic life.

The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet). The depreciation on such assets is

PRINCIPAL ACCOUNTING POLICIES (continued)

charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

Transfer of assets and liabilities on conversion

The identifiable assets and liabilities and the operation of the schools that joined the Trust in the year were transferred for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below. The Assets and Liabilities transferred from Local Authorities to the academy trust have been valued at their fair value as set out in note 25.

Their fair value is in accordance with the accounting policies set out for the Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 25.

Depreciation

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

No depreciation is provided on freehold or leasehold land.

The principal annual depreciation rates used for other assets are:

Freehold and Leasehold Buildings	50 years
----------------------------------	----------

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

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

Liabilities

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

PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments

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

At the balance sheet date the Trust held financial assets at amortised cost of £704,251 (2015: £260,922) and financial liabilities at amortised cost of £259,941 (2015: £46,204).

Provisions

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

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

Leased assets

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

Pensions Benefits

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

Teachers' Pension Scheme

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the

PRINCIPAL ACCOUNTING POLICIES (continued)

pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and contributions recognised as they are paid in each year.

Local Government Pension Scheme

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

The LGPS is a funded scheme and the assets are held separately from those in the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

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

Agency Arrangements

The Company acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Company does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 27.

Challenger Multi-Academy Trust **Notes to the Financial Statements for the year ended 31 August 2016** **(continued)**

2 Events after the end of the reporting period

Since 31 August 2016 two schools have joined the Trust. Daubeney Academy joined on 1 September 2016 and The Deanes School joined on 1 October 2016. The transfer of both schools will be reflected in the financial statements of the Trust for the year ending 31 August 2017.

3 Donations and capital grants

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Donations	12,409	-	12,409	-
	<u>12,409</u>	<u>-</u>	<u>12,409</u>	<u>-</u>

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
DfE / EFA grants				
. General Annual Grant (GAG)	-	5,408,562	5,408,562	-
. Start Up Grants	-	97,450	97,450	344
. Other DfE/EFA grants	-	489,091	489,091	-
	<u>-</u>	<u>5,995,103</u>	<u>5,995,103</u>	<u>344</u>
Other Government grants				
. Local authority grants	-	768,214	768,214	-
	<u>-</u>	<u>768,214</u>	<u>768,214</u>	<u>-</u>
Other income from the academy trust's educational operations	-	-	-	-
	<u>-</u>	<u>6,763,317</u>	<u>6,763,317</u>	<u>344</u>

5 Other Trading activities

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Letting income	3,906	-	3,906	-
Catering income	17,423	-	17,423	-
School trips	10,012	-	10,012	-
Uniforms	153	-	153	-
Other income	133,043	-	133,043	-
	<u>164,537</u>	<u>-</u>	<u>164,537</u>	<u>-</u>

Other income consists of: sales of other goods and services of £25,698 (2015: nil), supply teacher insurance income of £23,496 (2015: nil), rates relief of £77,235 (2015: nil) and other income of £14,684 (2015: £nil).

6 Investment income

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Bank interest	515	-	515	-
	<u>515</u>	<u>-</u>	<u>515</u>	<u>-</u>

Challenger Multi-Academy Trust
Notes to the Financial Statements for the year ended 31 August 2016
(continued)

7 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2016	2015
	£	£	£	£	£
Expenditure on raising funds				-	-
Academy's educational operations:					
Direct costs	4,613,153	288,401	687,859	5,589,413	-
Allocated support costs	896,952	333,472	532,814	1,763,238	111,547
	<u>5,510,105</u>	<u>621,873</u>	<u>1,220,673</u>	<u>7,352,651</u>	<u>111,547</u>

Net income/(expenditure) for the period includes:

	2016	2015
	£	£
Depreciation	283,542	-
Fees payable to auditor for:		
- audit	25,200	1,500
- other services	-	-

Challenger Multi-Academy Trust
Notes to the Financial Statements for the year ended 31 August 2016
(continued)

8 Charitable Activities

	Total	Total
	2016	2015
	£	£
Direct costs – educational operations	5,589,413	-
Support costs – educational operations	1,763,238	111,547
	7,352,651	111,547

Analysis of support costs	Educational	Total	Total
	operations	2016	2015
	£	£	£
Support staff costs	896,952	896,952	-
Technology costs	135,021	135,021	-
Premises costs	333,472	333,472	-
Other support costs	204,913	204,913	-
Governance costs	192,880	192,880	111,547
Total support costs	1,763,238	1,763,238	111,547

Challenger Multi-Academy Trust **Notes to the Financial Statements for the year ended 31 August** **2016 (continued)**

9 Staff

a. Staff costs

Staff costs during the period were:

	Total 2016 £	Total 2015 £
Wages and salaries	3,801,267	-
Social security costs	469,376	-
Operating costs of defined benefit pension schemes	766,737	-
	5,037,380	-
Supply staff costs	293,433	-
Staff restructuring costs	179,292	-
	5,510,105	-
Staff restructuring costs comprise:		
Redundancy payments	124,381	-
Severance payments	54,911	-
Other restructuring costs	-	-
	179,292	-

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £7,526, £9,313, £7,977 and £30,095 (2015: £nil). These payments have arisen due to the merger of Robert Bruce Middle School and Hastingsbury Business and Enterprise College during the year.

c. Staff numbers

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

	2016 No.	2015 No.
Teachers	71	-
Administration and support	160	-
Management	17	-
	248	-

d Higher paid staff

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

	2016	2015
	No.	No.
£60,001 - £70,000	1	-
£70,001 - £80,000	1	-
£80,001 - £90,000	1	-
£100,001 - £110,000	1	-

e Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £221,901 (2015: £nil).

Challenger Multi-Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

(continued)

10 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Chief Executive Officer only receives remuneration in respect of the services he provides undertaking the roles of Chief Executive Officer under his contract of employment.

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

S Chamberlain (Chief Executive Officer)

- . Remuneration £100,000 - £105,000 (2015: £nil)
- . Employer's pension contributions paid £15,000 - £20,000 (2015: £nil)

During the period ended 31 August 2016, travel and subsistence expenses totalling £15,310 were reimbursed or paid directly to 4 trustees (2015: £nil).

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

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2016 was £1,600 (2015: £1,540). The cost of this insurance is included in the total insurance cost.

Challenger Multi-Academy Trust **Notes to the Financial Statements for the year ended 31** **August 2016 (continued)**

12 Tangible Fixed Assets

	Freehold Land and Buildings	Long-leasehold Land and Buildings	Furniture and Equipment	Computer Hardware	Total
	£	£	£	£	£
Cost					
At 1 September 2015	-	-	-	-	-
Additions	19,807,940	5,343,200	-	-	25,151,140
Disposals	-	-	-	-	-
At 31 August 2016	19,807,940	5,343,200	-	-	25,151,140
Depreciation					
At 1 September 2015	-	-	-	-	-
Charged in year	226,634	56,908	-	-	283,542
Disposals	-	-	-	-	-
At 31 August 2016	226,634	56,908	-	-	283,542
Net book values					
At 31 August 2015	-	-	-	-	-
At 31 August 2016	19,581,306	5,286,292	-	-	24,867,598

The trust's transactions relating to land and buildings included the inheritance of land and buildings at three sites that joined the academy trust during the year. These are detailed in note 25 to the financial statements.

The land on which the individual leasehold buildings are sited is leased at a peppercorn rent on a 125 year lease.

13 Debtors

	2016	2015
	£	£
Trade debtors	2,597	9,100
VAT recoverable	70,838	17,835
Prepayments and accrued income	159,132	-
	232,567	26,935

Challenger Multi-Academy Trust
Notes to the Financial Statements for the year ended 31 August
2016 (continued)

14 Creditors: Amounts Falling due within one year

	2016	2015
	£	£
Trade creditors	80,115	44,704
Other taxation and social security	184,336	-
Other creditors	22,390	-
Accruals and deferred income	157,437	1,500
	444,278	46,204

Deferred income	2016	2015
	£	£
Deferred income at 1 September 2015	-	-
Released from previous years	-	-
Resources deferred in the year	-	-
Deferred Income at 31 August 2016	-	-

Challenger Multi-Academy Trust
Notes to the Financial Statements for the year ended 31 August 2016
(continued)

15 Funds

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	-	5,408,562	(5,408,132)	-	430
Start Up Grant	232,553	97,450	(232,553)	-	97,450
Pupil Premium	-	271,524	(271,524)	-	-
Transfer on conversion	-	258,523	(258,523)	-	-
Other grants	-	985,781	(816,377)	-	169,404
Pension reserve	-	-	(2,158,000)	(995,000)	(3,153,000)
	<u>232,553</u>	<u>7,021,840</u>	<u>(9,145,109)</u>	<u>(995,000)</u>	<u>(2,885,716)</u>
Restricted fixed asset funds					
Transfer on conversion	-	25,151,140	(283,542)	-	24,867,598
DfE/EFA capital grants	-	-	-	-	-
Capital expenditure from GAG	-	-	-	-	-
Private sector capital sponsorship	-	-	-	-	-
	<u>-</u>	<u>25,151,140</u>	<u>(283,542)</u>	<u>-</u>	<u>24,867,598</u>
Total restricted funds	<u>232,553</u>	<u>32,172,980</u>	<u>(9,428,651)</u>	<u>(995,000)</u>	<u>21,981,882</u>
Total unrestricted funds	<u>-</u>	<u>188,160</u>	<u>-</u>	<u>-</u>	<u>188,160</u>
Total funds	<u>232,553</u>	<u>32,361,140</u>	<u>(9,428,651)</u>	<u>(995,000)</u>	<u>22,170,042</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Trust's academies.

Other restricted funds comprise funds received from the DfE, EFA, Local Authorities and other government bodies to reimburse expenditure incurred by the Trust in its ordinary operational activities.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Lancot School	17,331	-
Hastingsbury Business and Enterprise College	51,519	-
Robert Bruce Middle School	173,529	-
Central services	213,065	232,553
Total before fixed assets and pension reserve	<u>455,444</u>	<u>232,553</u>
Restricted fixed asset fund	24,867,598	-
Pension reserve	(3,153,000)	-
Total	<u>22,170,042</u>	<u>232,553</u>

Analysis of academies by cost

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

	Teaching and Education al Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2016 £	Total 2015 £
Lancot School	1,077,010	334,512	68,596	215,927	1,696,045	-
Hastingsbury Business and Enterprise College	2,169,202	380,635	175,723	341,949	3,067,509	-
Robert Bruce Middle School	978,988	312,318	80,128	247,505	1,618,939	-
Central services	94,520	162,918	125,607	303,571	686,616	111,547
Academy Trust	<u>4,319,720</u>	<u>1,190,383</u>	<u>450,054</u>	<u>1,108,952</u>	<u>7,069,109</u>	<u>111,547</u>

Challenger Multi-Academy Trust **Notes to the Financial Statements for the year ended 31 August 2016** **(continued)**

16 Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

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

17 Capital Commitments

	2016	2015
	£	£
Contracted for, but not provided in the financial statements	-	-

18 Members' Liability

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

Challenger Multi-Academy Trust **Notes to the Financial Statements for the year ended 31 August 2016** **(continued)**

19 Reconciliation of Net Income/(expenditure) to Net

Cash Flow from Operating Activities

	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	22,932,490	232,553
Adjusted for:		
Depreciation charges (note 12)	283,542	-
Interest receivable (note 6)	(515)	-
Assets transferred from local authority	(25,151,140)	-
Cash transferred from local authority	(258,523)	-
Defined benefit pension scheme obligation inherited	2,076,000	-
Movement in connection with defined benefit pension scheme cost (note 29)	1,136,668	-
(Increase)/decrease in debtors	(205,631)	(26,935)
Increase/(decrease) in creditors	(398,073)	46,204

Net cash provided by / (used in) Operating Activities

414,818 251,822

20 Cash Flows from Financing Activities

	2016	2015
	£	£
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

21 Cash Flows from Investing Activities

	2016	2015
	£	£
Dividends, interest and rents from investments	515	-
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	-	-
Capital grants from DfE/EFA	-	-
Capital funding received from sponsors and others	-	-
Net cash provided by / (used in) investing activities	515	-

22 Analysis cash and cash equivalents

	At 31 August 2016	At 31 August 2015
	£	£
Cash in hand and at bank	667,155	251,822
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	667,155	251,822

Challenger Multi-Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016

(continued)

23 Pension and Similar Obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £71,154 were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the year the employer contribution rate was 14.1% The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £459,077.

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

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

Challenger Multi-Academy Trust **Notes to the Financial Statements for the year ended 31 August** **2016 (continued)**

23 Pension and Similar Obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2016 was £277,740 (2015: £nil), of which employer's contributions totalled £225,660 (2015: £nil) and employees' contributions totalled £52,080 (2015: £nil).

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The following figures are a summary of the figures for the three academies within the Trust at 31 August 2016.

Principal Actuarial Assumptions	At 31 August 2016
Rate of increase in salaries	3.00 - 3.10%
Rate of increase for pensions in payment/inflation	2.00 - 2.10%
Discount rate for scheme liabilities	1.90 - 2.00%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.4	-
Females	24.3	-
<i>Retiring in 20 years</i>		
Males	24.4	-
Females	26.8	-

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equity instruments	350	-
Bonds	45	-
Property	46	-
Cash	14	-
Total market value of assets	455	-

The actual return on scheme assets was £38,000 (2015: £nil).

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	(266,000)	-
Net interest cost	(67,000)	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	(333,000)	-

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

	2016 £	2015 £
At 1 September	-	-
Upon conversion	2,190,000	-
Current service cost	266,000	-
Interest cost	76,000	-
Employee contributions	57,000	-
Actuarial (gain)/loss	1,019,000	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	3,608,000	-

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

	2016 £	2015 £
At 1 September	-	-
Upon conversion	114,000	-
Interest income	9,000	-
Actuarial gain/(loss)	29,000	-
Employer contributions	246,000	-
Employee contributions	57,000	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	455,000	-

Challenger Multi-Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

24 Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

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

- CMAT procured services totalling £90,000 during the period. There were no amounts outstanding at 31 August 2016.
- The value of services is at or below cost, and the related party has provided information to support this, including a Statement of Assurance.
- CMAT procured the services in pursuit of its charitable activities and is satisfied that those services represent best value.
- The services provided related to Learning Outside The Classroom activity and PR, administrative and executive support services and the development of the on line impact measurement tool for the development of the Challenger Diploma for all academies.
- Because of the bespoke nature of the services, a standard tender process was not possible. However, the Trustees are satisfied that the services are required, represent best value, and comply with the 'at cost' provisions of the EFA Academies Financial Handbook
- Charles Rigby was not part of the procurement process;
- CMAT undertakes a review of the transaction periodically, to ensure that all of the above still applies.

Challenger Multi-Academy Trust **Notes to the Financial Statements for the year ended 31 August 2016** **(continued)**

25 Conversion to an Academy Trust

On 1 September 2015 Lancot School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Challenger Multi-Academy Trust from Bedford Borough Council.

On 1 November 2015 Hastingsbury Business and Enterprise College and Robert Bruce Middle School both converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Challenger Multi-Academy Trust from Bedford Borough Council. In early 2016, the Trust closed the Robert Bruce site and the schools combined to form Kempston Challenger Academy.

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

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Lancot School				
Tangible fixed assets				
Long-term leasehold land and buildings	-	-	5,343,200	5,343,200
Budget surplus on LA funds	-	138,040	-	138,040
LGPS pension deficit	-	(246,000)	-	(246,000)
Net assets	-	(107,960)	5,343,200	5,235,240

Robert Bruce Middle School	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
· Freehold land and buildings	-	-	3,897,766	3,897,766
Budget surplus on LA funds	-	120,483	-	120,483
Budget surplus on other school funds	10,669	-	-	10,669
LGPS pension deficit	-	(573,000)	-	(573,000)
Net assets	10,669	(452,517)	3,897,766	3,455,918

Hastingsbury Business and Enterprise College	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
· Freehold land and buildings	-	-	15,910,174	15,910,174
LGPS pension deficit	-	(1,257,000)	-	(1,257,000)
Net assets	-	(1,257,000)	15,910,174	14,653,174

Challenger Multi-Academy Trust **Notes to the Financial Statements for the year ended 31 August 2016** **(continued)**

26 Central Services

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

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

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

The actual amounts charged during the year were as follows:

	2016	2015
	£	£
Lancot School	87,255	-
Hastingsbury Enterprise and Business School	189,098	-
Robert Bruce Middle School	80,218	-
	<u>356,571</u>	<u>-</u>



Challenger Multi-Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

(continued)

27 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ended 31 August 201, the trust received £6,871 and distributed all of this amount from the fund during the year. There is no amount included in creditors as repayable to the EFA.