

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

Annual Report

and

Financial Statements

for the Year Ended 31 August 2018

Company Registration Number:
09270040 (England and Wales)

**Contents of the Financial Statements
for the Year Ended 31 August 2018**

	Page
Reference and Administrative Details	1
Trustees' Report	2
Strategic Report	8
Governance Statement	17
Statement on Regularity, Propriety and Compliance	21
Statement of Trustees' Responsibilities	22
Independent Auditor's Report on the Financial Statements	23
Independent Reporting Accountant's Report on Regularity	26
Statement of Financial Activities Incorporating Income and Expenditure Account	28
Balance Sheet	29
Statement of Cash Flows	30
Notes to the Financial Statements incorporating:	
Statement of Accounting Policies	31
Other Notes to the Financial Statements	35

Challenger Multi Academy Trust

Reference and Administrative Details

Members	Martin Smout The Challenger Trust Jeremy Parrish Frank Green (appointed 19 April 2018) Katherine Gardiner (resigned 25 July 2018) Charles Rigby (resigned 14 March 2018)
Trustees	Martin Smout Peter Knell Stephen Chamberlain Sally Dicketts Andrew Urbanek (appointed 1 November 2017) Alban Green (appointed 26 April 2018) Andrew Johnston (resigned 6 December 2017) Charles Rigby (resigned 31 May 2018)
Senior Management Team	
Chief Executive Officer	Stephen Chamberlain
Chief Operating and Finance Officer	Andy Collings (deceased April 2018)
Chief Operating and Finance Officer	Beverley Dowsett (appointed 1 May 2018)
Director of Education	Kate Holland
Director of LLTC	John Kane
Head of Standards	Diana Osagie
Company Name	Challenger Multi-Academy Trust
Principal and Registered Office	Kempston Challenger Academy Hill Rise Kempston Bedford MK42 7EB
Company Registration Number	09270040
Independent Auditor	Crowe U.K. 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

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 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

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

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

The Trust's academies had a combined pupil roll of 3,127 in the Summer 2018 Term's school census, including SPS, which joined on 1 November 2017.

The financial statements have been prepared in accordance with the accounting policies on page 31 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 2018 and the financial position at 31 August 2018 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 2018 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 by 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 regular basis throughout the year and receives regular reports from the Chief Executive and Chief Operating and Financial Officer. A clerk/company secretary was appointed in January 2016.

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

As the Trust continues to grow, the Board has in place a development plan for increasing infrastructure. In August 2016, the Trust formed a Standards Committee, comprised of the Chief Executive and Diana Osagie, an experienced headteacher. Since then, the Standards Committee has grown to include Sally Dicketts CBE, Chief Executive of Activate Learning as the chair and also a CMAT Trustee. Sally has held senior posts in both secondary schools and further education. She became Principal at Milton Keynes College in 1996, and in 2003 became the first Principal of Oxford & Cherwell Valley College. Chief Executive of Activate Learning, bringing

together in one group, three FE Colleges (Banbury and Bicester College, City of Oxford College and Reading College), three UTCs (UTC Reading, UTC Oxfordshire and UTC Swindon), two 11-18 secondary schools, a studio school, a training provider delivering apprentices, training and consulting in the workplace and a specialist engineering training provider. Sally is a tireless campaigner and advocate for the learning and skills sector. She is a board member of ETF, was a board member of AoC and AMiE. She chairs the Women's Leadership Network and was the chair of the Employment committee of the AoC. She is a member of the Oxfordshire Management Club, All Souls Group and is a leading thinker for the National Education Trust. She sits on the Oxfordshire LEP. Sally was awarded a CBE in the Queen's Honours list in July 2013.

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, Director of Education, the Head of the CEO's Office and Principals from each of the academies. This group is the CMAT hub group for Challenge Partners of which the CEO is a Senior Partner.

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

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

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

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

- Development of integrated and inclusive mechanisms across the Trust and in our academies for strategic, educational, business and financial planning.
- Strengthening of governance structures between the Board and local governing bodies through the implementation of a cohesive and effective model of governance which 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 financial, governance, educational, health and safety or personnel related risks.

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

Related Parties and other Connected Charities and Organisations

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

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

Full details of the transactions are disclosed in note 28 to these financial statements.

In light of changing regulations related to connected parties in June 2018, Contour Education Services was no longer a connected organisation due to the resignation of a member and trustee.

Charity Fundraising

Fundraising at Challenger Multi Academy Trust is an important but modest part of the operation of the Trust, comprising less than 0.5% of total income. Fundraising is usually undertaken by volunteer groups of parents or through school activities such as a Christmas Fair. There are no professional fundraising organisations used and so no monitoring processes are required. The Trust has not subscribed to the Fundraising Regulator but adheres to the Code of Fundraising Practice when undertaking fundraising activity. There were no complaints received by the Trust in relation to fundraising activity. The Trust takes its responsibility to anyone who might be vulnerable very seriously and this will continue to be considered in the Trust's approach to fundraising activity.

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 2018 are summarised below. The Trust's main strategy is encompassed in its mission statement which is:

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

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

Values

- Leadership
- Service
- Creativity
- Aspiration
- Excellence

What we create:

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

What makes us different:

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

Our Approach

School Improvement

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

KPI 1: Ensure the best possible educational outcomes at academies within the trust.

KPI 2: Develop the quality of leadership, learning & teaching within the trust.

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

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

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

Our school improvement strategy has six key strands;

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

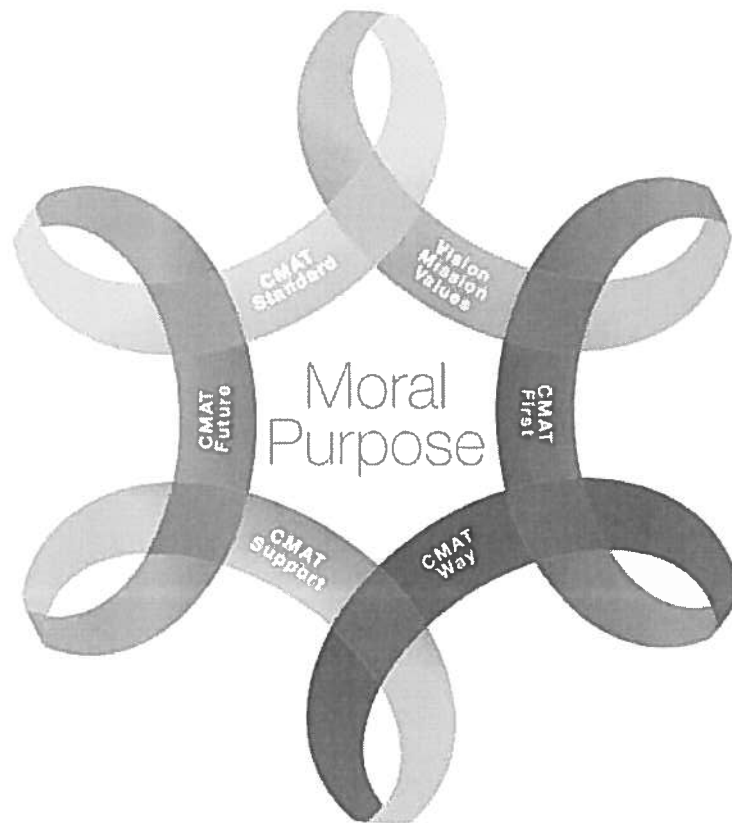
These are linked to the four KPIs and the trust uses a fourteen point CMAT Success Framework to evaluate the impact of the trust's work in these areas: They are:

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

Public Benefit

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

The trust has been part of the DfE's MAT Development Programme and has worked in partnership with the STEP Academy Trust. As a result of this we have developed a new operating model:



STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

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

Across all academies within the trust:

Primary

Overall EYFS and Key Stage 1 from Lancot, Westborough and Springfield:

- ✓ GLD increased to 73%, up 4% (Above national +2%)
- ✓ Year 1 phonics is 81.7% CMAT (= to National)
- ✓ KS1 Reading @ expected increased to 79% above national by 4%. GD to 23%. (National 26%)
- ✓ KS1 Writing @ expected increased to 73% above national by 3%. GD to 15.3%. (National 16%)
- ✓ KS1 Maths @ expected increased to 72.6%, below national by 4%. GD to 21.6%. (National 22%)

Individual Academies:

Lancot

- Lancot is above national in ALL measures from EYFS to end of year 2.
- Their data shows a three year trend of improvement in ALL areas.
- Their KS1 data is consistent with other outstanding schools nationally

Springfield

- GLD is above national for the 1st time this year at 73%
- Phonics data has risen by 14%
- Year 2 outcomes are improving rapidly and are broadly in line with national
- Pupils working at greater depth is rapidly improving with maths seeing an increase of 10%

Westborough

- GLD and phonics are just below national but rising
- Year 2 outcomes are in line with national for reading, writing and maths
- Maths has improved by 8% this year

KS2 data from Lancot, Westborough, Hadleigh Juniors and KCA

- ✓ 53.25% of CMAT pupils reached the expected standard in all of reading, writing and maths in 2018. An increase of 19% from 2017
- ✓ In writing teacher assessment, the proportion of pupils who reached the expected standard in 2018 was 74.4%, an increase of 6%
- ✓ In reading, 65.8% of pupils reached the expected standard in 2018, up by 8% from 2017
- ✓ In maths, 66.3% of pupils reached the expected standard, up by 4.8% from 2017
- ✓ Reading @ greater depth = 24.5%
- ✓ Writing @ greater depth = 16%
- ✓ Maths @ greater depth = 14.5%

Secondary

- ✓ Progress 8 = -0.59 (From 2018 provisional results for KCA 102 pupils and The Deanes, 60 pupils). The **CMAT average** result here is an improvement from 2017 but is well below national (0.0). However, the KCA Progress 8 score of -0.12 reflects a significant improvement from 2017 and places progress close to the national average.
- ✓ The Attainment 8 CMAT average is 36 (compared to a national average of 46.3) which remains the same as 2017.
- ✓ These results are provisional and pending the outcome of remarks and confirmation of withdrawals.
- ✓ Gaps for Disadvantaged pupils in CMAT Academies are close to their non-disadvantaged peers at KCA: Disadvantaged Progress 8 was -0.22 compared to non-disadvantaged of -0.1. The gap at the Deanes has not closed (-1.18/-0.57).
- ✓ The Deanes results were predicted with relative accuracy. The gap between the progress of MTA and Non-MTA students was 1.04, with MTA students scoring -1.65 and Non-MTA students scoring -0.61.
- ✓ At The Deanes the number of higher grades has increased. Of those subjects which use numerical grading, 8.75% of the grades were Grade 7 or above compared to 3.8% in 2017. The percentage of A* - B grades rose from 17.5% in 2017 to 53.1%.
- ✓ KCA's results were significantly improved from 2017; **SEN Support E** achieved a positive progress 8 score of 0.12 and **SEN Support K** improved by a whole grade compared to 2017 (-1.40) with a progress 8 score of -0.48
- ✓ At KS5 the pass rate in Year 13 is 95.8%, the success rate in Year 13 was 89%. The success rate is up from 88% in 2017.
- ✓ **Subjects:** Pupils in the following subjects made most progress in the 6th Form: Art Ext Cert, Product Design & Geography.
- ✓ All subjects had a 100% pass rate except Biology, English Literature, Psychology and Mathematics.
- ✓ Pupils who resat Maths made 0.3 grades progress and pupils who resat English made 0.22 grades progress from the end of Year 12. This is above national.

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

Key Performance Indicators

As schools converted to academies with the Trust at the start or partway through the academic year, the primary focus for the education team was to undertake comprehensive educational due diligence, establish priorities for improvement and develop rapid attainment and improvement plans, in order to raise standards. This has resulted in changes to leadership or required additional leadership support in order to stabilise the academies and accelerate improvements. Results in 2017/18 in some areas were below national expectations as the predecessor schools had not prepared adequately for converting from a lower to a primary provision (Lancot) and the rigour needed for the new Key Stage 2 tests or provided a curriculum compliant with the new Progress 8 accountability measures (The Deanes/Kempston Challenger Academy).

Effective action has been taken by the trust to address these issues and recent evaluations and external quality assurance reviews by Ofsted Inspectors, Challenge Partners and the DfE shows that the academies are making rapid improvements and the trust has good capacity to secure improvements. The trust's Head of Standards and the CEO provide regular updates on progress at the monthly board meetings.

Recent Ofsted reports indicate the positive impact that the trust's strategies for schools improvement and wider mission, vision and values are impacting positively on raising standards. Ofsted reports from 2018 state:

- *The Challenger Multi-Academy Trust (CMAT) has provided a suitable degree of support and challenge to help the school achieve its good overall effectiveness.*
- *Leaders, managers and governors have successfully transformed this previously underperforming*

school when it opened into one which is now effective, particularly over the last 12 months. This is a school that continues to improve.

- *The support of CMAT has contributed to the school's rapid improvement. This has included working with the school's leaders to present achievement data in a more user friendly way and making it a more helpful tool for raising standards, and providing effective coaching for the headteacher.*
- *CMAT's decision to replace the governing body with new members has improved this aspect of the school's leadership. Governors have carried out an audit of their existing skills, and are seeking to appoint someone with experience of diversity as a result of this.*
- *The trust's chief executive officer (CEO) and local governing body (LGB) provide an appropriate level of challenge and support to school leaders. The trust has made good use of external support to aid improvement.*
- *The Challenger Multi-Academy Trust provides an appropriate balance of support and challenge to senior leaders. The trust has ensured that it has used its central staff and external consultants to provide support to develop leaders' skills and improve the quality of teaching, learning and assessment. For example, external consultants have validated assessments and provided helpful advice for teachers of English, mathematics and science. The trust has used an external consultant to provide support for the LGB, enabling it to be increasingly effective in its role.*
- *The recently appointed chair of the trust board brings a wealth of relevant experience to the role. He has quickly gained an accurate view of the improvements made by the school, the challenges that it still faces, and the support needed to maintain the rate of improvement. The CEO of the trust visits the school regularly to check on senior leaders' progress towards achieving their priorities and the targets set by the trust. He has also supported new senior leaders as they have grown into their roles.*
- *Leaders, the LGB and staff share the trust's vision and ambition for the school. Leaders and the chair of the LGB are clear about how their improvement plans will achieve the trust's aims.*

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 2018/19 are:

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

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

1. The further development of the Challenger Diploma at all our academies linked into individual rewards programmes such as the 'Shields' programme at KCA and the Daubeney 'Colours' awards for character education. Lancot Academy received a visit from former Minister of State, Lord Nash to see the diploma activities and the financial entrepreneurship programme being delivered at primary level and from Secretary of State for Education, Nicky Morgan, MP to see the success of the Daubeney 'Colours' programme and attend a work shop on 'Character and Self-Esteem' linked to mental health and well-being delivered in partnership with the Icarus Trust. This has been recognised as a strength by Ofsted in the reports:
*'The ethos of the trust is to develop 'learning outside the classroom'. Leaders have ensured that the 'Challenger Diploma' provides pupils with structured opportunities for activities that support the development of challenge, motivation, achievement and teamwork. Pupils have opportunities to pursue and develop their personal interests through a range of overseas trips, sports activities, musical and drama performances and cultural visits.'*Ofsted 2018

2. The CMAT Expeditions programme saw three cross-academy leadership expedition programmes to France, Italy and the Himalayas where children undertook individual and group leadership challenges in skiing, dog mushing, abseiling, white-water rafting, bushcraft and a trek across the Himalayas. The Himalayas trip saw Year 11 students from The Deanes in Essex and sixth form students from Kempston Challenger Academy, Bedford joined by students from Shrewsbury Independent School undertake a two week expedition to India including not only the trek across the Himalayas and visits to iconic world heritage sites such as the Taj Mahal but also visits to local villages and orphanages as part of the leadership and service challenge. Evaluations show that all these trips have had a significant impact on the future aspirations of all the participating students. Our programme this year has been extended to a number of cross-phase projects in France across the trust. CMAT have now established a link with Millemont, a large Chateau in France and through work with Professor Paul Clarke from St Mary's University and the Pop-Up Foundation has established a residential programme for primary and secondary pupils within the trust on sustainable communities as well as programmes for leadership development. This year students from The Deanes have led a programme for Year 5 pupils at Westborough and achieved leadership accreditation through the AQA examination board. KS4 students from The Deanes have also attended a residential programme on sustainability and ethical leadership.
3. The trust has introduced a Leadership Programme for students from Year 5-13 that is accredited by the Chartered Management Institute (CMI), ASDAN and World Leadership Academy. Upon completion in the sixth form, students can achieve the 'CMI Award in Team Leading' (Year 12) and the 'CMI Award in First Line Management' which leads toward Chartered Manager status with CMI.
4. The trust has been innovative in supporting new approaches to the curriculum, especially in the development of reading and writing in primary schools. At Lancot Challenger Academy the recent 'Shelved' project saw every child in the academy write a book for the new Lancot Digital Library. The launch of the digital library took place in the local theatre with over 400 parents attending to hear pupils read extracts from their books, which are all published on line and will be available in hard copy from the town library. The books will also be available to parents and children at all other CMAT academies to encourage reading at home and creativity in developing children as authors. The event was supported by the Challenger Trust and Pearsons. Further 'wow' projects have taken place this year including activities based on enterprise and raising money for charities in the UK. This approach was noted as a strength in the Ofsted report 2018:

'The school's carefully considered and inclusive curriculum motivates pupils to want to achieve, and develops their entrepreneurial skills very well.'

'The curriculum is a strong aspect of the school's provision. The headteacher spoke passionately about her rationale for the chosen choice of subjects and approach. She clearly understands what she wants pupils to gain from the curriculum and provided several detailed examples of its impact on developing the whole pupil.'

'The curriculum promotes pupils' entrepreneurial skills particularly well. All classes run a bank in order to develop pupils' financial awareness. Whenever a project takes place, such as a school production, pupils devise ways of raising funds and investing them back into the next initiative.'

5. The Brilliant Club

Launched in September 2017 in all CMAT primary and secondary academies, The Brilliant Club is playing its part in the trust's strategy to stretch and challenge students and to increase social mobility across our group of schools. The club "exists to increase the number of pupils from under-represented backgrounds progressing to highly-selective universities by mobilising the PhD community to share its academic expertise with state schools". When a student is selected for a place in the Brilliant Club, they are then given an introduction visit to a top class University. Students enjoy a tour and also get to hear from University students about 'life at university'. They also receive some inspirational talks from university academics in their selected fields of study.

Students then embark on a six-week programme of study led by a PhD Mentor in their field of specialism. This involves the PhD Mentor coming into school once a week to lead interactive sessions in his or her specialism. Lessons are designed to be challenging by being a full key stage above what the students are studying in school. To 'graduate' students must write a 2,000 word 'university style' essay which is then graded using the typical university system within two weeks. They are assisted online via a virtual learning environment provided by the Brilliant Club and their mentor. Upon graduation, students are invited back to a different university to the one they went to on their 'Introduction' trip to hear some keynote speeches from motivational speakers and again receive more advice about university access. They also receive their Brilliant Club Honours Certificate and get encouraged to really emphasise this on their CVs. All of the above requires a great deal of commitment, focus, time, organisation, research and motivation on the part of CMAT students. Our students this year studied topics as diverse as "20th Century Art History", "Understanding Disease and Disease Prevention" and "Race, Women and the Criminal Justice System". Our graduating students now have an entry on their CV to enable them to stand out above a crowded employment market and above all else, our students have learned just exactly what it takes to face a challenge and then succeed.

6. Peter Jones Foundation

This year the trust continued to build on developing a unique, bespoke and creative curriculum offer that is in line with our mission, vision and values and our Key Performance Indicators that involve the development of 'character' alongside high standards of academic achievement. We have developed a partnership with the Peter Jones Foundation and developing a range of programmes and qualifications that meet the needs and aspirations of our children and young people.

7. Tycoon Enterprise Competition

Tycoon is a free national enterprise competition, which encourages the nation's budding entrepreneurs to get involved in business by giving them a start-up loan of up to £2,000 per provider to set up and run a business at school or in college. Teams from across the UK compete against one another, and the top student businesses are invited to a prestigious, annual celebration event at Buckingham Palace. Every participating team writes a business plan, is lent money, starts a business and competes with other student companies through a sophisticated kick-starter style platform, in a safe and controlled environment. The competition is split into four categories and is free to all state schools and colleges. PJF provide goodwill start up capital, so only when student companies breakeven, do they repay their loan.

8. Educate Programme

The Educate Programme includes a full suite of sector leading vocational courses and qualifications in Enterprise and Entrepreneurship. This includes the flagship Peter Jones Enterprise Academy (PJEA) package, where schools within CMAT can host and run their own Enterprise Academy and have full access to high quality resources, competitions and employer links. Standalone qualifications are available at Level 2 and 3 and are being implemented at The Deanes and Kempston Challenger Academy who are both now designated PJ Enterprise Academies (PJEA).

9. EntFest

EntFest is The Peter Jones Foundation for Enterprise's inaugural festival of enterprise and entrepreneurship. Hosted by the University of Buckingham, the one-day festival takes place in June and is a high energy, vibrant occasion with stalls, speakers, networking events and entertainment. It incorporates the graduation ceremony for CMAT's PJEA students as well as the final of our National Entrepreneur of the Year 2018 competition and is an opportunity for some of CMAT's Tycoon businesses to trade and showcase their products and services. Lancot Challenger Academy were the first primary school to be invited by PJF to present at the festival.

Going Concern

Recognising Challenger Multi Academy Trust is in the process of a restructuring programme due to financial difficulties encountered during 2017-18, the trustees have considered several factors in concluding that the adoption of the going concern basis in the preparation of these financial statements is appropriate. These are summarised below:

- The Trust submitted a deficit budget for 2018-19 of £199,265 to the ESFA and an application for the provision of a £1.5m loan facility to cover a one year cash shortfall and the cost of a required restructure. This application was approved by the ESFA.
- The Trust prepared a 5 year financial recovery plan and cash flow analysis demonstrating the savings the restructure will provide and the viability of the Trust going forward. This is reviewed by the Board on a monthly basis.
- The restructuring process is in progress and the Trust has drawn down £800,000 of the ESFA loan at the time of publication, with the subsequent £700,000 to follow in early 2019. The Trust is on track to deliver the targeted savings with the reduction in monthly costs being realised from January 2019. Repayment of the loan facility commences in February 2020.
- The Trust is forecasting a surplus budget for 2018-19 and expects to continue running a surplus for the duration of the loan repayment period, building up the Trust's reserves.
- The Trust complete a weekly compliance tracker for submission to the ESFA. This is also monitored by the Board.
- The Trust has also prepared an estates strategy and received ESFA approval for the sale of 3 surplus buildings across the estate. For prudence, these have been included in the financial recovery plan at a rate of one sale per year for the next three years.

After consideration of the factors above the trustees are confident the organisation has adequate resources to operate for the foreseeable future and can adopt the going concern basis in preparing its financial statements.

FINANCIAL REVIEW

Financial report for the year

The Trust's total incoming resources for the year to 31 August 2018 amounted to £21,580,663 of which £3,734,350 related to the transfer of Springfield Primary School to the Trust from Bedfordshire County Council. The remainder of the incoming resources was primarily from ESFA and local authority pupil funding as well as grant funding for school improvement, start-up and environment improvement. The Trust held fund balances, including fixed assets of £46,060,029 (2017:£44,420,675) at 31 August 2018. As at 31 August 2018, the Trust held unrestricted reserves of £510,113 (2017:£430,009). Full results for the year are shown on page 28.

When considering the Trust's underlying revenue reserves position at 31 August 2018, 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 had deficit revenue reserves of £1,031,343 at 31 August 2017 (2017: Surplus of £337,846).

Underlying Reserves table		
	2018	2017
	£	£
Total Reserves	46,060,029	44,420,675
Less: fixed asset restricted fund	(53,501,372)	(50,071,828)
Add: Pension reserve	6,410,000	5,988,999
Total revenue reserves exc pension	(1,031,343)	337,846
Being:		
Restricted revenue reserves	(1,541,456)	(92,163)
Unrestricted revenue reserves	510,113	430,009
Total	(1,031,343)	337,846

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 £46,060,029 comprise unrestricted revenue funds of £510,113, restricted revenue funds of (£1,541,456), pension reserve of (£6,410,000), and restricted fixed asset funds of £53,501,372 at 31 August 2018. 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 £6,410,000. 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 review the risk register on a regular basis.

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

The key risks identified at present are as follows:

- **Safeguarding** – Executive Senior Management and the Trustees are very focussed on the importance of safeguarding. The Trust operates carefully controlled processes in relation to staff selection, child protection training and policies, health and safety and discipline. We continue to regularly review these aspects at each of our academies and hold safeguarding audits where deemed necessary via an accredited external body. The Trust is reviewing when to commence a programme of additional health and safety reviews at its academies, with a view to implementing the British Safety Council 5* programme at an appropriate stage of the Trust's development. During 2016-17 we have installed additional fencing at KCA and LC to increase security and we are reviewing the potential addition of further security fencing at some sites to enhance safeguarding. Ofsted reports for two of our academies have indicated that the trust meets all statutory requirements for safeguarding.
- **Financial stability and growth** – whilst the trustees consider that the Trust remains a going concern, the Trust is in the process of completing the restructuring plan referred to in the Strategic Report. Pupil number projections, a key determinant for income, show overall growth in September 2019 and increasing numbers over the next 3-5 years. The Trust also continues to seek acquisitions to grow the number of academies in the MAT as this will increase the available economies of scale and provide access to additional funding. 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** – the trusts has demonstrated with two successful Ofsted inspections that the approach to school improvement and our wider mission, vision and values is effective in raising standards and aspirations. However, this is only the end of the third year of operation 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.
- **The trust suffered a significant loss in April 2018 with the sudden, tragic and unexpected death of the Chief Finance and Operations Officer.** This caused a number of delays to the development of finance and operations plans for the year and forecasts and adjustments to academy budgets for 2018/19. The trust has now been able to recruit a new CFO and Finance and Operations Manager, both qualified accountants for 2018/19.

PLANS FOR FUTURE YEARS

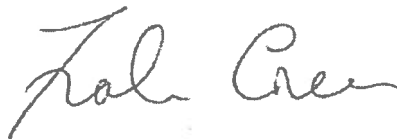
On 1 November 2017, Springfield Primary School ('SPS'), based in Kempston, joined the Trust. SPS is a lower school transitioning to a junior school and currently has pupils from the ages of 5-10. This will increase to an age range of 5-11 from September 2018. Plans for future growth were delayed due to the loss of the CFO/COO in April 2018. The trust is undergoing a period of consolidation before looking to expand to ten academies over the next two years.

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 20 December 2018 and signed for and on their behalf by:



Frank Green CBE
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 7 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 (resigned 31 May 2018)	2	3
Martin Smout (resigned 13 September 2018)	5	7
Peter Knell	6	7
Stephen Chamberlain	7	7
Andrew Johnston (resigned 6 December 2017)	2	2
Andrew Urbanek	5	6
Sally Dicketts	1	7
Frank Green (appointed 26 April 2018)	3	3

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

The Finance, Risk and Audit Committee ('FRAC') is a sub-committee of the main board of trustees its purpose is to provide strong governance over financial reporting, internal controls, risk management and external audit. Attendance during the year was as follows:

Director	Meetings attended	Out of a possible
Stephen Chamberlain	3	3
Andrew Johnston (resigned 6 December 2017)	1	1
Peter Knell	3	3
Martin Smout	3	3

The Standards Committee is a sub-committee of the main board of trustees. Its purpose is to challenge and support with the aim of driving improvement for the children in our academies. Attendance during the year was as follows:

Director	Meetings attended	Out of a possible
Stephen Chamberlain	3	3
Sally Dicketts	0	3
Andrew Johnston (resigned 6 December 2017)	1	1
Peter Knell	3	3
Martin Smout	3	3
Andrew Urbanek	2	2
Frank Green (appointed May 2018)	1	1

Review of Value for Money

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

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

- Using an approved Curriculum Led Financial Planning Tool to keep staffing structures under review and deploy staff efficiently to support an improved curriculum, or to target areas of the curriculum in need of development;
- Focusing on individual pupils: managing the differing needs of pupils, such as those requiring one to one support, and those requiring more stretch and challenge;
- Engaging with other educational providers and experts to share delivery or good practice, and to drive up standards for the least cost developing shared services across the Trust;
- Exploring possibilities to develop the Challenger Diploma model across all Challenger academies;
- Developing a single reporting model for financial governance across the Trust that allows strong oversight by the Trustees and Accounting Officer;
- Appraising and negotiating services and contracts to get the best mix of quality and effectiveness for the least cost such as ICT and HR and benchmarking these where appropriate;
- Running Cluster or Trust wide tender processes where appropriate to reduce overall costs;
- Taken opportunities to work collaboratively with others to reduce and share administration and procurement costs and to explore where staffing across academies can reduce costs and achieve economies of scale; and
- Reviewing controls and managing risks: employing an experienced Chief Financial Officer to further develop the Trust's financial processes 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 2018 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 2018 and up to the date of approval of the annual report and financial statements. This process is reviewed in detail once a year by the Trustees.

The Risk and Control Framework

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

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

The trustees have considered the need for a specific internal audit function and did not appoint an internal auditor for 2017/18. However, the trustees approved Responsible Officer reviews at each of its academies from early 2018, with a specifically agreed scope and program to ensure key risk and processes were reviewed in depth on a rotational basis. The trustees intend to appoint an internal auditor for 2018/19.

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

Review of Effectiveness

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

- the work of the Chief Operating and Financial Officer, who was appointed in September 2016 as a contractor until his death in April 2018 to continue the efficient growth of the Trust's central resources and further enhance the internal control framework;
- the work of the external auditor;

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

Approved by order of the members of the governing body on 20 December 2018 and signed on its behalf by:



Frank Green, CBE
Chair of CMAT Board



Stephen Chamberlain
Chief Executive/Accounting Officer

Statement on Regularity, Propriety and Compliance

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

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

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



Stephen Chamberlain
Accounting Officer

20 December 2018

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the governing body on 20 December 2018 and signed on its behalf by:



Frank Green CBE
Chair of Board

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

Opinion

We have audited the financial statements of The Challenger Multi Academy Trust for the year ended 31 August 2018 which comprise the Statement of Financial Activities (incorporating income and expenditure accounts), the Balance sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Academies' Accounts Direction 2017 to 2018 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

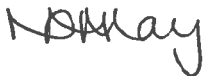
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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.



Nicola May

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date: 20 December 2018

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 2018

In accordance with the terms of our engagement letter dated 28 August 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies: Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the Challenger Multi Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

The accounting officer is responsible, under the requirements of The Multi Academy Trust's funding agreement with the Secretary of State of Education dated 26 August 2015 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

This report is made solely to the governing body and the ESFA in accordance with the terms of our engagement. Our work has been undertaken so that we might state to The Challenger Multi Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the governing body and the ESFA, for our review work, for this report, or for the conclusion we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

Date: 20 December 2018

**Statement of Financial Activities
for the Year Ended 31 August 2018**

(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2018 Total £	2017 Total £
Income and endowments from:						
Donations and capital grants	3	36,345	16,593	55,765	108,703	54,936
Transfer from local authority on conversion	29	-	(698,584)	4,432,934	3,734,350	23,271,192
Charitable activities:						
Funding for the Trust's educational operations	4	-	16,457,847	-	16,457,847	13,251,425
Other trading activities	5	1,279,253	-	-	1,279,253	989,667
Investments	6	511	-	-	511	1,022
Total		1,316,109	15,775,856	4,488,699	21,580,663	37,568,242
Expenditure on:						
Raising Funds	7	1,171,951	-	-	1,171,951	938,933
Charitable Activities:						
Academy trust educational operations	7,8	-	18,734,438	1,306,920	20,041,358	15,213,343
Total	7	1,171,951	18,734,438	1,306,920	21,213,309	16,152,276
Net income/ (expenditure)		144,158	(2,958,583)	3,181,779	367,354	21,415,966
Transfers between funds	16	(64,054)	(183,711)	247,765	-	-
Other recognised gains / (losses)						
Actuarial (losses)/gains on defined benefit pension schemes	25	-	1,272,000	-	1,272,000	834,667
Net movement in funds		80,104	(1,870,294)	3,429,544	1,639,354	22,250,633
Reconciliation of funds						
Total funds brought forward	16	430,009	(6,081,162)	50,071,828	44,420,675	22,170,042
FUNDS CARRIED FORWARD		510,113	(7,951,456)	53,501,372	46,060,029	44,420,675

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

**Balance Sheet
as at 31 August 2018**

Company registration number: 09270040

	Note	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	12		53,501,372		50,255,539
Current assets					
Debtors	13	458,209		541,468	
Cash at bank and in hand		715,178		908,647	
		<u>1,173,387</u>		<u>1,450,115</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(1,554,730)</u>		<u>(1,295,980)</u>	
Net current assets			<u>(381,343)</u>		<u>154,135</u>
Creditors: Amounts falling after more than one year	15		<u>(650,000)</u>		-
Total assets less current liabilities			<u>52,470,029</u>		<u>50,409,674</u>
Net assets excluding pension liability			<u>52,470,029</u>		<u>50,409,674</u>
Defined benefit pension scheme liability			<u>(6,410,000)</u>		<u>(5,988,999)</u>
Total net assets			<u><u>46,060,029</u></u>	£	<u><u>44,420,675</u></u>
Funds of the academy trust					
Restricted funds					
Fixed asset fund	16		53,501,372		50,071,828
Restricted income fund	16		(1,541,456)		(92,163)
Pension reserve	16		<u>(6,410,000)</u>		<u>(5,988,999)</u>
Total restricted funds			<u>45,549,916</u>		<u>43,990,666</u>
Unrestricted income funds	16		<u>510,113</u>		<u>430,009</u>
			<u>510,113</u>		<u>430,009</u>
Total funds			<u><u>46,060,029</u></u>	£	<u><u>44,420,675</u></u>

These financial statements were approved by the Board on 20 December 2018 and are signed on their behalf by:



S Chamberlain
Chief Executive Officer

**Statement of Cash Flows
for the Year Ended 31 August 2018**

	Notes	<u>2018</u> £	<u>2017</u> £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	(724,161)	424,180
Cash flows from investing activities	23	650,000	-
Cash flows from financing activities	22	(119,308)	(182,688)
Change in cash and cash equivalents in the reporting period		<u>(193,469)</u>	<u>241,492</u>
Cash and cash equivalents at 1 September 2017		908,647	667,155
Cash and cash equivalents at 31 August 2018	24	<u>715,178</u>	<u>908,647</u>

Notes to the Financial Statements for the Year Ended 31 August 2018

1. 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 FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard which is applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

The Challenger Multi Academy Trust meets the definition of a public benefit entity under FRS102.

Going Concern

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

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

The Directors, supported by the Executive Team, have considered the above alongside the factors laid out in the Strategic Report 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

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

- Valuation of land and buildings - The Trust's land and buildings received on conversion (new academies joining the Trust) are stated at their estimated fair value based on professional valuations as disclosed in notes 12 and 29.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Income

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

Grants

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.

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

Notes to the Financial Statements for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

Sponsorship income

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.

Donations

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

Other income

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

Donated goods, facilities and services

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.

Transfer on conversion

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

Interest receivable

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 which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds

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

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold & leasehold buildings	50 years
Fixtures, fittings and equipment	3 years
Computer hardware	3 years

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

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

Liabilities

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

Provisions

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

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

Leased assets

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

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.

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instruments and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or other financial instrument.

At the balance sheet date the Trust held financial assets at amortised cost of £1,052,752 (2017: £1,245,361) and financial liabilities at amortised cost of £1,206,820 (2017: £1,146,127).

Notes to the Financial Statements for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

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.

Pensions Benefits

Retirement benefits to employees of the Academies Enterprise Trust are provided by the Teacher's Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes.

Teachers' Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the 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 the contributions recognised as they are paid each year.

Local Government Pension Scheme

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

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants with restrictions imposed by the funder/donor and include grants from the ESFA and Department for Education.

2. Events after the end of the reporting period

As disclosed in the Strategic Report, the Trust has agreed a £1.5m loan facility with the ESFA to cover a one year cash shortfall and the cost of a required restructure. The Trust has drawn down £800,000 with the subsequent £700,000 to follow in early 2019. Repayment for this facility commences in February 2020.

3. Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	2018 £	2017 £
Capital grants	-	55,765	55,765	-
Donations	36,345	16,593	52,938	54,936
	<u>36,345</u>	<u>72,358</u>	<u>108,703</u>	<u>54,936</u>

4. Funding for the Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	TOTAL 2018 £	Total 2017 £
DfE / ESFA grants				
General Annual Grant (GAG)	-	13,012,097	13,012,097	8,297,134
Start Up grants	-	41,333	41,333	107,248
Pupil premium	-	1,044,243	1,044,243	-
Other DfE / ESFA grants	-	423,886	423,886	4,028,216
	<u>-</u>	<u>14,521,559</u>	<u>14,521,559</u>	<u>12,432,598</u>
Other Government grants				
Local authority grants	-	1,416,914	1,416,914	818,827
LA Pupil Premium	-	59,921	59,921	-
Special educational projects	-	-	-	-
Other government grants	-	149,768	149,768	-
	<u>-</u>	<u>1,626,603</u>	<u>1,626,603</u>	<u>818,827</u>
Other income from the academy trust's educational operations				
	-	309,685	309,685	-
	<u>-</u>	<u>16,457,847</u>	<u>16,457,847</u>	<u>13,251,425</u>

5. Other trading activities

	Unrestricted Funds £	Restricted Funds £	TOTAL 2018 £	Total 2017 £
Letting income	110,829	-	110,829	45,866
Catering income	200,094	-	200,094	109,707
School trips	139,974	-	139,974	102,190
Uniforms	6,467	-	6,467	5,970
Music	6,571	-	6,571	1,855
Other income	815,319	-	815,319	724,079
	<u>1,279,253</u>	<u>-</u>	<u>1,279,253</u>	<u>989,667</u>

Other income consists of sales of other goods and services of £33,957 (2017: £26,586); Insurance claims of £20,000 (2017: £20,958); Supply teacher insurance income of £13,092 (2017: £3,650); Rates relief £0 (2017: £5,212); Sponsor income £0 (£5,054); Staff services - consultancy income of £47,886 (2017:£0); and other income of £707,635 of which £543,199 relates to income from The Deanes' Sports Centre (2017: £662,619).

6. Investment income

	2018 £	2017 £
Bank Interest	511	1,022
	<u>511</u>	<u>1,022</u>

7. Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2018	2017
	£	£	£	£	£
Expenditure on raising funds					
• Direct and allocated support costs	517,468	113,272	541,211	1,171,951	938,933
Academy's educational operations					
• Direct costs	12,073,708	16,242	1,051,920	13,141,870	9,799,437
• Allocated support costs	2,165,025	2,185,209	2,549,255	6,899,488	5,413,906
	<u>14,756,201</u>	<u>2,314,723</u>	<u>4,142,385</u>	<u>21,213,309</u>	<u>16,152,276</u>

Net (income)/expenditure for the year includes:

	2018	2017
	£	£
Depreciation	706,664	523,770
Impairment	600,256	-
(Gain)/loss on disposal of fixed assets		
Fees payable to auditor	79,165	41,850
- audit		
- other services	-	5,000

8. Charitable activities

	2018	2017
	£	£
Direct costs - educational operations	13,141,870	9,799,437
Support costs - educational operations	6,899,488	5,413,906
	<u>20,041,358</u>	<u>15,213,343</u>
Analysis of support costs		
Support staff costs	2,165,025	2,244,095
Depreciation	706,664	523,770
Impairment	600,256	-
Technology costs	338,534	414,523
Premises costs	878,289	803,095
Other support costs	2,114,674	1,348,248
Governance costs	96,046	80,175
Total support costs	<u>6,899,488</u>	<u>5,413,906</u>

9. Staff costs

a. Staff costs during the period were:

	2018	2017
	£	£
Wages and salaries	11,458,878	8,601,732
Social security costs	1,087,727	753,899
Pension costs	1,944,333	1,855,903
	<u>14,490,939</u>	<u>11,211,534</u>
Agency staff costs	262,762	362,506
Staff restructuring costs	2,500	57,362
	<u>14,756,201</u>	<u>11,631,402</u>
Staff restructuring costs comprise:		
Redundancy payments	-	57,362
Severance payments	2,500	48,167
Other restructuring costs	-	-
	<u>2,500</u>	<u>105,529</u>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £2,500 (2017: £48,167).

c. Staff numbers

The average number of persons employed by the Academy Trust during the year ended 31 August 2018 was as follows:

	2018 No.	2017 No.
Teachers	179	120
Administration and support	329	191
Management	40	26
	548	337

d. Higher paid staff

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

	2018 No.	2017 No.
£60,001-£70,000	4	2
£70,001-£80,000	3	1
£80,001-£90,000	1	1
£130,001-£140,000	1	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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £496,098 (2017: £298,284)

10. Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

S Chamberlain (Chief Executive Officer)

Remuneration £135,000-140,000 (2017: £135,000-£140,000)

Employer's pension contributions paid £20,000-£25,000 (2017: £20,000-£25,000)

During the period ended 31 August 2018 £782 was reimbursed to trustees for travel and subsistence expenses (2017: nil).

Other related party transactions involving the trustees are set out in note 28.

11. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31st August 2018 was not separately identifiable (2017: £1,877).

The cost of this insurance is included in the total insurance cost.

12. Tangible Fixed Assets

	Freehold land & buildings	Leasehold Land & Buildings	Furniture & Equipment	Computer Equipment	TOTAL FIXED ASSETS
	£	£	£	£	£
COST:					
At 1 September 2017	45,535,940	5,343,200	128,357	55,354	51,062,851
Additions	-	4,432,934	50,995	68,824	4,552,753
Impairment	(625,266)				(625,266)
At 31 August 2018	44,910,674	9,776,134	179,352	124,178	54,990,338
DEPRECIATION:					
At 1 September 2017	680,325	113,816	9,289	3,882	807,312
Charge in year	525,284	109,263	49,880	22,237	706,664
Impairment	(25,010)				(25,010)
At 31 August 2018	1,180,599	223,079	59,169	26,119	1,488,966
NET BOOK VALUE:					
At 31 August 2018	43,730,075	9,553,055	120,183	98,059	53,501,372
At 31 August 2017	44,855,615	5,229,384	119,068	51,472	50,255,539

13. Debtors

	2018 £	2017 £
Trade debtors	31,453	7,550
VAT recoverable	76,584	204,755
Other debtors	23,827	67,780
Prepayments and accrued income	326,345	261,383
	<u>458,209</u>	<u>541,468</u>

14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	656,709	540,389
Taxation and social security	256,397	332,503
Other creditors	490,327	269,148
Accruals and deferred income	151,297	153,940
	<u>1,554,730</u>	<u>1,295,980</u>

	2018 £	2017 £
Deferred income at 1 September 2017	53,762	-
Released from previous years	53,762	-
Resources deferred in the year	91,513	53,762
Deferred income at 31 August 2018	<u>91,513</u>	<u>53,762</u>

At the balance sheet date the academy trust was holding funds received in advance for Devolved Formula Capital and for School trips.

15. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Loans	650,000	-

A loan of £650,000 from the ESFA has been provided on the following terms:
Repayments of this loan are due to commence in 2020.

16. Funds

The income funds of the Trust comprise the following balances of grants to be applied for specific purposes.

	Balance at 01 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	(293,163)	13,012,097	(14,236,659)	(183,711)	(1,701,436)
Start Up Grant	-	41,333	(41,333)	-	-
Pupil Premium	-	1,104,164	(1,104,164)	-	-
Transfer on conversion	-	(698,584)	698,584	-	-
Other grants	201,000	2,316,845	(2,357,865)	-	159,980
Pension reserve	(5,988,999)	-	(1,693,001)	1,272,000	(6,410,000)
	<u>(6,081,162)</u>	<u>15,775,856</u>	<u>(18,734,438)</u>	<u>1,088,289</u>	<u>(7,951,456)</u>
Restricted fixed asset funds					
Transfer on conversion	50,071,828	4,432,934	(1,234,803)	-	53,269,959
DfE/ESFA capital grants	-	55,765	(55,765)	-	-
Capital expenditure from GAG	-	-	(16,352)	247,765	231,413
	<u>50,071,828</u>	<u>4,488,699</u>	<u>(1,306,920)</u>	<u>247,765</u>	<u>53,501,372</u>
Total restricted funds	<u>43,990,666</u>	<u>20,264,554</u>	<u>(20,041,358)</u>	<u>1,336,054</u>	<u>45,549,916</u>
Total unrestricted funds	<u>430,009</u>	<u>1,316,109</u>	<u>(1,171,951)</u>	<u>(64,054)</u>	<u>510,113</u>
Total funds	<u>44,420,675</u>	<u>21,580,663</u>	<u>(21,213,309)</u>	<u>1,272,000</u>	<u>46,060,029</u>

Transfers include £183,711 transferred from GAG funds to Restricted Fixed Asset funds in respect of the prior year.

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, ESFA, Local Authorities and other government bodies to reimburse expenditure incurred by the Trust in its ordinary operational activities.

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

	Balance at 01 September 2016		Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2017	
	£	£				£	£
Restricted general funds							
General Annual Grant (GAG)	430	8,297,134		(8,590,727)	-		(293,163)
Start Up Grant	97,450	107,248		(204,698)	-		-
Pupil Premium	-	882,903		(882,903)	-		-
Transfer on conversion	-	590,583		(590,583)	-		-
Other grants	169,404	3,964,140		(3,932,544)	-		201,000
Pension reserve	(3,153,000)			(3,670,666)	834,667		(5,988,999)
	(2,885,716)	13,842,008		(17,872,121)	834,667		(6,081,162)
Restricted fixed asset funds							
Transfer on conversion	24,867,598	25,728,000		(523,770)	-		50,071,828
DfE/ESFA capital grants	-	-		-	-		-
Capital expenditure from GAG	-	-		-	-		-
Private sector capital sponsorship	-	-		-	-		-
	24,867,598	25,728,000		(523,770)	-		50,071,828
Total restricted funds	21,981,882	39,570,008		(18,395,891)	834,667		43,990,666
Total unrestricted funds	188,160	1,141,567		(899,718)	-		430,009
Total funds	22,170,042	40,711,575		(19,295,609)	834,667		44,420,675

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 01 September 2016		Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018	
	£	£				£	£
Restricted general funds							
General Annual Grant (GAG)	430	21,309,231		(22,827,386)	(183,711)		(1,701,436)
Start Up Grant	97,450	148,581		(246,031)	-		-
Pupil Premium	-	1,987,067		(1,987,067)	-		-
Transfer on conversion	-	(108,001)		108,001	-		-
Other grants	169,404	6,280,985		(6,290,409)	-		159,980
Pension reserve	(3,153,000)	-		(5,363,667)	2,106,667		(6,410,000)
	(2,885,716)	29,617,864		(36,606,559)	1,922,956		(7,951,456)
Restricted fixed asset funds							
Transfer on conversion	24,867,598	30,160,934		(1,758,573)	-		53,269,959
DfE/ESFA capital grants	-	55,765		(55,765)	-		-
Capital expenditure from GAG	-	-		(16,352)	247,765		231,413
Private sector capital sponsorship	-	-		-	-		-
	24,867,598	30,216,699		(1,830,690)	247,765		53,501,372
Total restricted funds	21,981,882	59,834,562		(38,437,249)	2,170,721		45,549,916
Total unrestricted funds	188,160	2,457,676		(2,071,669)	(64,054)		510,113
Total funds	22,170,042	62,292,238		(40,508,918)	2,106,667		46,060,029

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018	Total 2017
	£	£
Lancot School	80,494	98,316
Kempston Challenger Academy	(602,792)	(226,633)
Daubeney Academy	(45,781)	275,219
The Deanes	(288,103)	12,981
Hadleigh Junior School	(59,674)	125,875
The Westborough School	369,211	252,373
Springfield Academy	122,435	-
Central Services	(607,134)	(200,284)
Total before fixed assets and pension reserve	<u>(1,031,343)</u>	<u>337,846</u>
Restricted fixed asset fund	53,501,372	50,071,828
Pension reserve	(6,410,000)	(5,988,999)
Total	<u>46,060,029</u>	<u>44,420,675</u>

The academy trust is carrying a net deficit of £1,031,343 on restricted general funds (excluding pension reserve) plus unrestricted funds. This is due to the make-up of many of the trusts schools changing significantly over the last two years as several transitioned from a three to two tier structure. We have also had to invest significant resources in school improvement to turn around and improve the outcomes for our children, as evidenced by our recent excellent Ofsted results; and the maintenance of our estate, with no capital funding, has also caused financial challenges.

The Trust is taking the following action to return KCA, The Deanes, Hadleigh Junior School and Central services to surplus:

Restructuring:

We have undergone formal restructuring programmes across the trust in 2016, 2017 and now again in 2018 as we seek to re-balance the make up of our schools and central provision, and align it to the current, and expected future provision of education across the organisation.

While 2018/19 will continue to see some school deficits grow as the restructuring takes place (including further redundancy costs), by 2019/20 we will have significantly reduced our cost base. We have worked closely with the Department for Education who are supportive of this turnaround plan, and who have agreed to provide a short term loan to fund the final step in our transformation. We are expecting the trust to return to surplus in 2019/20 as a result of the restructuring process, and we will be working closely with each school to ensure that the hard work in achieving this results in an appropriate level of re-investment and support to the schools, and our children.

The restructuring approach is also being applied to our central services, where we have worked hard to ensure that the provision of services going forwards will match the needs of the schools we serve – this will also result in a significant reduction in cost over the next 12 months.

Pupil numbers: Based on a review of planning assumptions from the local authorities, and planning assumption around secondary places in particular, we are expecting a steady increase towards PAN across most of our schools over the next five years. This is particularly noticeable at the Deanes, where a reversed previous statutory proposal to close prompted a very significant fall in numbers. The school is now recovering its numbers rapidly, with larger cohorts joining in year 7, and a higher number of in year additions. Along with our plan to develop closer links to Westborough in particular, we are confident that the positive pupil number trajectory will continue and help us address several of our larger school based deficits.

Analysis of academies by cost

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs (excluding depreciation)	Total 2018	Total 2017
	£	£	£	£	£	£
Lancot School	1,191,541	217,808	48,346	367,407	1,825,102	1,633,501
Kempston Challenger Academy	3,134,453	485,679	301,320	578,272	4,499,724	5,402,206
Daubeney Academy	1,429,832	249,802	67,682	263,792	2,011,108	2,296,107
The Deanes	2,330,961	659,728	506,912	825,600	4,323,200	3,772,856
Hadleigh Junior School	937,184	222,658	59,279	324,860	1,543,981	719,184
The Westborough School	1,933,328	310,423	115,054	434,741	2,793,545	472,604
Springfield Academy	971,501	190,595	58,175	188,098	1,408,370	-
Central Services	386,639	75,203	332,623	705,550	1,500,014	1,332,048
Academy Trust	<u>12,315,440</u>	<u>2,411,896</u>	<u>1,489,390</u>	<u>3,688,319</u>	<u>19,905,044</u>	<u>15,628,506</u>

17. Analysis of Net Assets between Funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Fund £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	53,501,372	53,501,372
Current assets	510,113	663,274	-	1,173,387
Current liabilities	-	(1,554,730)	-	(1,554,730)
Non-current liabilities	-	(650,000)	-	(650,000)
Pension scheme liability	-	(6,410,000)	-	(6,410,000)
Total net assets	510,113	(7,951,456)	53,501,372	46,060,029

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

	Unrestricted Fund £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	183,711	50,071,828	50,255,539
Current assets	430,009	1,020,106	-	1,450,115
Current liabilities	-	(1,295,980)	-	(1,295,980)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(5,988,999)	-	(5,988,999)
Total net assets	430,009	(6,081,162)	50,071,828	44,420,675

18. Capital commitments

	2018 £	2017 £
Contracted for, but not provided in the financial statements	-	-

19. Commitments under operating leases

Operating leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	80,829	-
Amounts due between one and five years	125,507	-
Amounts due after five years	-	-

20. Members' Liability

Each 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 Trust's debts and liabilities contracted 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.

21. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018 £	2017 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	367,354	21,415,966
Adjusted for:		
Depreciation (note 12)	706,664	523,770
Impairment of fixed assets (note 12)	600,256	-
Interest receivable (note 5)	(511)	(1,022)
Assets transferred from local authority (note 29)	(4,432,934)	(25,728,000)
Cash transferred from local authority	-	(623,644)
Capital grants from DfE and other capital income	-	-
Defined benefit pension scheme obligation inherited	840,000	3,143,333
Movement in connection with defined benefit pension scheme cost	853,000	1,150,976
(Increase) in debtors	83,259	(308,901)
Increase in creditors	258,751	851,702
Net cash provided by / (used in) operating activities	(724,161)	424,180

22. Cash Flows from Financing Activities	2018	2017
	£	£
Repayments of borrowing	-	-
Cash inflows from new borrowing	650,000	-
Net cash provided by / (used in) financing activities	650,000	-
23. Cash Flows from Investing Activities	2018	2017
	£	£
Dividends, interest and rents from investments	511	1,022
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(119,819)	(183,711)
Capital grants from DfE/ESFA	-	-
Capital funding received from sponsors and others	-	-
Net cash provided by / (used in) investing activities	(119,308)	(182,689)
24. Analysis of cash and cash equivalents	At 31 August	At 31 August
	2018	2017
	£	£
Cash in hand and at bank	715,178	908,647
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	715,178	908,647

25. Pensions 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 and Essex County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £234,468 were payable to the schemes at 31 August 2018 (2017: £141,413) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- * employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- * 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%.

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

The employer's pension costs paid to TPS in the period amounted to £1,178,253 (2017: £794,432).

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

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

25. Pensions 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 2018 was £956,000 (2017: £678,622), of which employer's contributions totalled £759,000 (2017: £528,570) and employees' contributions totalled £197,000 (2017: £150,052). The agreed contribution rates for future years are variable based on pay.

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

The following figures are a summary of the figures for the seven academies within the Trust at 31 August 2018.

Principal Actuarial Assumptions

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	2.7%-3.3%	2.7% - 4.2%
Rate of increase for pensions in payment / inflation	2.3%-2.4%	2.4% - 2.7%
Discount rate for scheme liabilities	2.7%-2.8%	2.5% - 2.6%

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 2018	At 31 August 2017
<i>Retiring today</i>	<i>years</i>	<i>years</i>
Males	22.3-22.4	22.2-22.4
Females	24.5-24.8	24.5-24.7
<i>Retiring in 20 years</i>		
Males	24.0-24.5	24.0-24.3
Females	26.2-27.1	26.2-27.0

Sensitivity Analysis

	At 31 August 2018	At 31 August 2017
	£000	£000
Discount rate +0.1%	(303)	(250)
Discount rate -0.1%	303	250
Mortality assumption - 1 year increase	392	
Mortality assumption - 1 year decrease	(392)	
CPI rate +0.1%	370	205
CPI rate -0.1%	(368)	(205)
Salary increase rate +0.1%	46	46
Salary increase rate -0.1%	(46)	(46)

The Academy Trust's share of the assets of the scheme were:

	Fair value at 31 August 2018	Share	Fair value at 31 August 2017	Share
	£	%	£	%
Equities	3,089	61	2,580,000	67
Gilts	132	3	-	
Corporate bonds	511	10	486,000	13
Property	456	9	361,000	9
Cash and other liquid assets	582	11	431,000	11
Alternative assets	222	4	-	
Other managed funds	95	2	-	
Total market value of assets	5,087	100	3,858,000	100

The actual return on the scheme assets in the year was £245,000 (2017: £458,000)

25. Pensions and similar obligations (continued)
Local Government Pension Scheme (continued)

Amounts recognised in the Statement of Financial Activities

	2018 £	2017 £
Current service cost (net of employee contributions)	(1,442,000)	(959,333)
Interest cost	(170,000)	(121,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total amount recognised in the SOFA	<u>(1,612,000)</u>	<u>(1,080,333)</u>

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

	2018 £	2017 £
At 1 September	9,847,000	3,608,000
Conversion of academy trusts	887,000	5,459,833
Current service cost	1,442,000	910,333
Past service cost	-	49,000
Interest cost	281,000	168,833
Employee contributions	197,000	150,052
Actuarial (gain)/loss	(1,138,000)	(424,500)
Plan introductions, benefit changes, curtailments and settlements	<u>(19,000)</u>	<u>75,500</u>
At 31 August	<u>11,497,000</u>	<u>9,997,051</u>

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

	2018 £	2017 £
At 1 September	3,858,000	455,000
Conversion of academy trusts	47,000	2,316,500
Interest income	111,000	47,833
Return on assets less interest	134,000	-
Actuarial gain / (loss)	-	410,167
Employer contributions	759,000	553,000
Employee contributions	197,000	150,052
Plan introductions, benefit changes, curtailments and settlements	<u>(19,000)</u>	<u>75,500</u>
At 31 August	<u>5,087,000</u>	<u>4,008,052</u>

26. Central Services

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

- * estate services
- * human resources
- * financial services
- * legal services
- * educational support services
- * others as arising

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

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Lancot School	83,748	78,457
Kempston Challenger Academy	214,568	258,959
Daubeney Academy	99,517	106,298
The Deanes	137,867	131,892
Hadleigh Junior School	66,681	32,760
The Westborough School	134,579	22,958
Springfield Primary School	69,281	-

27. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agency for the ESFA. In the accounting period ended 31 August 2018 the academy trust received £14,092 (2017: £5,328) and distributed all of this amount from the fund during the year. There is no amount included in creditors as repayable to the ESFA.

28. Related Party Transactions

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

Contour Education Services Limited ('CES') - a company in which Charles Rigby (a Trustee and Member of the Trust up until May 2018) is a director and majority shareholder and Martin Smout (a Trustee until September 2018) was a director until March 2018:

CMAT procured services totalling £119,475 during the period (2017: £126,000). There were amounts outstanding of £8,347 at 31 August 2018 (2017: £12,600).

The value of services is at or below cost, and the related party has provided information to support this, including a Statement of Assurance for the year to 31 August 2018.

CMAT procured the services in pursuit of its charitable activities and the Trustees are satisfied that the services are required, represent best value, and comply with the 'at cost' provisions of the ESFA Academies Financial Handbook.

The services provided related to Learning Outside The Classroom activity, PR, Administrative and executive support services and the further development of the on-line impact measurement tool for the development of the Challenger Diploma for all academies.

Pop-Up Foundation Limited - A company in which Stephen Chamberlain (Chief Executive Officer of the Trust) has been a director since March 2018:

CMAT procured services totalling £4,920 during the period related to the delivery and development of residential programmes in France for CMAT pupils and linking CMAT academies to other schools and education provisions internationally that are focused on developing learning outside the classroom in sustainable communities. This was delivered at cost on a non-profit basis.

29. Conversion to an academy trust

On 1 November 2017 Springfield Primary 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 County Council.

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

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total £
Tangible fixed assets				
Long term leasehold land and buildings	-	-	4,432,934	4,432,934
Budget surplus on LA funds	-	141,416	-	141,416
LGPS pension deficit	-	(840,000)	-	(840,000)
	-	(698,584)	4,432,934	3,734,350

