

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

**Annual Report and
Financial Statements**

for the Year Ended 31 August 2020

Company Registration Number: 09270040 (England and Wales)

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The Challenger Multi Academy Trust

Reference and Administrative Details

Members	Sally Dicketts The Challenger Trust Frank Green (ex-officio until 24 September 2020) Rupert Gather (ex-officio from 24 September 2020) Jeremy Parrish (resigned 28 February 2020)
Trustees	Sarah Brown Peter Knell (Interim Chair of Trustees from 1 October 2019 to 31 January 2020) Stephen chamberlain (ex-officio) (resigned 31 October 2019) Frank Green (Chair of Trustees until 24 September 2020 except 1 October 2019 to 31 January 2020 as he fulfilled the role of Interim CEO) Rupert Gather (appointed 24 September 2020) Zarna Banerjee John Reville (resigned 16 December 2019) Nick Palazzo-Corner (resigned 9 December 2019) Emma Reade (resigned 7 November 2019) Roy Blackwell (ex-officio with effect from 1 January 2020)
Senior Management Team	
Chief Executive officer	Stephen Chamberlain (resigned 31 October 2019) Frank Green (interim) (1 October 2019 – 31 January 2020) Roy Blackwell (appointed 1 January 2020)
Chief Financial Officer	Jesse White
Head of Operations	Becky Welton
Executive Headteachers	Claire Probert Karen Bateman Claire Mosseveld
Company Name	The Challenger Multi-Academy Trust
Principal and Registered Office	Kempston Challenger Academy Hill Rise Bedford MK42 7EB
Company Registration Number	09270040
Independent Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
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

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates three secondary and four primary academies in Essex and Bedfordshire. Its academies have a combined pupil capacity of 3,989 and a roll of 3,049 in the school census in autumn 2020.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Challenger Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Challenger Multi Academy Trust (CMAT).

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 3.

Member's Liability

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

Trustees' Indemnities

The trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. Trustees 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 trustees are appointed by the members as outlined in the Articles. 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 trustees 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. Trustees are also required to visit the academies and participate in governance training programmes.

Organisational Structure

There is a scheme of delegation which is reviewed annually, and which delineates areas for delegation across the MAT, from the levels of autonomy for local governing bodies to levels of financial decisions/sign offs. Trustees also agreed a structure for the central team which clearly defines accountabilities, details of the roles to be covered, and reporting lines.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Trustees do not receive any remuneration for their role.

The pay of the Key Management Personnel noted on page 3 is determined by the Board via the Pay Committee. The levels of pay are assessed in accordance with the prevailing market rates and performance by the individuals.

Trade Union Facility Time

No Challenger Multi-Academy Trust employees were relevant union officials during their CMAT working time from 1 September 2019 – 31 August 2020.

Related Parties and Other Connected Charities and Organisations

The Challenger Trust is affiliated to CMAT and has the right to appoint four Members for the MAT per the articles. It exercises strategic and high-level oversight on their MAT but leaves the detailed management of the MAT to a Board of Directors which it appoints. Challenger Trust is also concerned with the ethos of the MAT and, in particular, ensuring that Character Education is integrated into the

work of the schools in the MAT.

Confederation of School Trusts (CST) is a national body supporting MATS and Trusts by providing advice and information on the education scene in general but also providing information and guidance in areas such as government policy and its impact, as well as legal advice on areas such as compliance and governance. It also runs a number of professional development courses across a wide range of subjects related to school management. CMAT is a member of CST and Roy Blackwell is a Director of CST.

Engagement with Employees (Including Disabled Persons)

CMAT has a forum for Headteachers which includes regular meetings to discuss key issues and to receive information/requests/questions via the Headteachers which have arisen in his/her school. There are also Joint Consultative Committees (JCCs). CMAT has also created an executive team which disseminates information to schools on key issues, especially those issues which deal with compliance/changes to regulations.

CMAT has a section on disabled employees within its policy on employment. This is part of CMAT's commitment to inclusion and equal opportunities which are key policies concerned with the way in which all members of the CMAT community are treated. CMAT's recruitment procedures ensure that there is no unlawful discrimination against applicants who are designated disabled. CMAT is concerned to make the necessary reasonable adjustments to work places and work patterns to allow disabled people to undertake their roles in a positive way. These adjustments are not limited to the physical environment but also encompass "unseen" disabilities.

Engagement with Suppliers, Customers and Others in a Business Relationship with the Trust

Whilst CMAT's first priority is to the pupils and staff within the schools, it takes its responsibilities towards suppliers and the wider community very seriously. With suppliers CMAT endeavours to keep positive relationships including meeting invoice payment terms where reasonable. With regards to the wider community, CMAT recognises that schools form an integral part of any community and therefore the schools seek to actively participate in the community for the benefit of all.

Objectives and Activities

Objects and Aims

The principal 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 objective of the Trust is to ensure our schools have the best opportunities to provide outstanding education either in CMAT or by joining other successful Trusts. Progress on this objective is reported to Trustees at their regular meetings and a series of actions to be completed within a stated time frame are agreed. Another key objective for this year was to improve governance structures via a better system of reporting to trustees, ensuring a clear system of policy review/reporting with a schedule for future review and improving communication with the schools via the creation of a central executive team with clear lines of accountability/responsibilities. There is also a detailed system of performance management in place.

Public Benefit

The main thrust of public benefit by the Trust is to support and develop the state schools within the MAT and to ensure improving standards of education and developing a range of extra-curricular activities to broaden experiences and raise expectations of the students. It has also promoted Character Education as an integral part of the education offered in its schools; this is designed to improve the skill set of students and better prepare them for life outside and after school, to foster resilience and to develop character to enable students to obtain a wide range of coping strategies which helps to maintain good mental health. Schools have also invested significantly in special education needs provision and there is a specialist unit within the MAT dedicated to educating those pupils with significant learning needs.

In setting the trust's objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Strategic Report

Achievement and Performance

The Trust's schools have made significant progress during the past two years. Four schools have an OFSTED rating of "Good", one "Requires Improvement" having made significant progress since the previous inspection and three are awaiting an updated inspection.

The general trend for results has been a year on year increase with three primary schools meeting and/or exceeding National Averages in most areas. Primary schools have also gained a significant number of Accreditation and Quality marks.

In secondary schools, there has been an increased intake into Year 7 and an increase in student numbers in the sixth form. There has been significant progress in securing higher outcomes for students at Key Stages 4 and 5. Exam results have improved year on year.

In our SEMH provision, attainment is in line with national averages.

There is a greater incidence of cross school staffing and greater collaboration/cooperation between schools. An effective School Improvement Team has been established during the year which offers support in all aspects of school life. Governance structures have been strengthened. This cooperation was very evident in the response of the schools to the lockdown in March due to the COVID19 pandemic. The weekly meetings of the Heads and the central team of the MAT became a forum for discussion and exchange of information which helped all the schools cope with the challenges being presented to them. This was particularly true in key areas such as risk assessments and the use of technology for online/distance learning. There was a widespread exchange of materials and practical ways of dealing with issues such as free school meal vouchers. All schools remained open during the lockdown and pupil attendance increased as the lockdown continued. Schools were very well prepared for the "wider" opening that followed in June/July with pupil attendance being the same as in normal times.

Key Performance Indicators

Key Performance Indicators are presented to the board annually for agreement. The outcomes regarding the previous year's KPIs are discussed and this is followed up with the individual schools. Individual school's KPIs are based upon the Trust wide KPIs.

Current KPIs cover the areas of: ensuring the best possible outcomes for all learners; developing the quality of leadership, learning and teaching within the trust; developing Character Education; ensuring the long term financial sustainability of the trust; health and safety and safeguarding in the trust.

Against each of these objectives is a set of actions. For example, the quality of teaching is concerned to provide high quality coaching and support to help improve the quality of teaching and the criterion for measuring the success of this action is that 85% of teaching is at least "good" with 25% "outstanding". This pattern is applied across all the objectives/KPIs so that every action is able to be measured in terms of success or otherwise.

Going Concern

The Trustees have considered both the short and longer term financial projections and other risks that may affect the Trust. They have considered the key risks that could negatively impact the going concern of the Trust and have considered the budget and forecast, cash flow projections and financial recovery plan over the period to January 2022. It is recognised that Challenger Multi Academy Trust remains in a recovery phase after the restructuring during 2018/19. A key element of the restructuring was the necessary reduction in staff costs across the Trust. From 1 January 2019 the Trust began delivering the targeted savings, which equate to over £1m annually. This plan is set to return the Trust to a sustainable financial position, including running a surplus revenue position by 2020/21, which is well ahead of the anticipated position posted in the prior year accounts.

Whilst the financial position no longer presents an immediate going concern risk, the decision of the Trustees is to optimise pupil outcomes, most likely through the re-brokering of the schools to other Trusts, naturally presents a going concern risk to the remaining CMAT entity. However, this risk is mitigated by two key decisions: firstly that, in the event of re-brokering, all the schools would transfer to a different trust(s) at the same time, thus avoiding the creation of an unviable MAT; secondly, the sponsor body, The Challenger Trust, has stated that, on the transfer of the schools, it would wind up the Challenger MAT, thus avoiding any concerns about the creation of an "empty" MAT which might have "going concern" implications.

If the Trust were to stay together, as outlined in 'Principal Risks and Uncertainties' another key area of uncertainty is pupil numbers. The Trust is forecasting positive growth in pupil numbers over the next 5 years, however, if the Trust's pupil numbers were to decrease, this would present a significant challenge financially.

The Board have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. These include:

- Regularly reviewing the 5 year recovery plan to ensure the Trust remains on target with its financial targets.
- Recognising that significant savings have already been implemented and the Trust is in a healthier financial position than 12 months earlier.
- Reviewing the current cash balance and both long- and short-term forecasts
- Recognising that the Trust has the support from the Education and Skills Funding Agency as demonstrated by their agreement to amend the loan repayment programme, with repayments now commencing in September 2021.

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

Promoting the Success of the Company

The Trust, in deciding to place the schools in other, highly successful Trusts, believes this will help ensure the long term viability of the schools, not only in terms of finance but also in terms of the breadth and depth of education offered pupils and the opportunities to staff for professional development. There is currently very limited availability for such positive development.

Financial Review

The Trust's total incoming resources for the year to 31 August 2020 amounted to £24,045,000 (2019:18,656,000) which 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 £42,997,000 (2019: £42,579,000) at 31 August 2020. As at 31 August 2020, the Trust held unrestricted reserves of £748,000 (2019: £630,000). Full results for the year are shown on page 20. The Trust is successfully meeting the recovery plan and is planned to deliver a revenue surplus by 2020/21.

When considering the Trust's underlying revenue reserves position at 31 August 2020, 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 £1,535,000 at 31 August 2020 (2019: deficit of £2,514,000).

Underlying Reserves table		
	31/08/2020	31/08/2019
	£000	£000
Total Reserves	42,997	42,579
Less: fixed asset restricted fund	(56,353)	(53,767)
Add: Pension reserve	11,821	8,674
Total revenue reserves exc pension	(1,535)	(2,514)
Being:		
Restricted revenue reserves	(2,283)	(3,144)
Unrestricted revenue reserves	748	630
Total	(1,535)	(2,514)

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 £42,997,000 comprise unrestricted revenue funds of £748,000, restricted revenue funds of £(2,283,000), pension reserve of (£11,821,000), and restricted fixed asset funds of £56,353,000 at 31 August 2020. The Trustees have set a target of holding free reserves equating to £250,000-£500,000 which represents over 3 months of central Trust expenditure, 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. 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, largely as a result of the early stage development of the Trust and the financial difficulty the Trust encountered previously. However, as outlined in 'Going Concern', the Trust is delivering against a 5-year recovery plan to improve its financial position including unrestricted reserves.

The local government pension scheme liabilities are recognised in the accounts as a significant deficit within restricted funds of £11,821,000. However, this reflects the potential for increases in employer contributions in future years rather than an immediate liability for the total amount.

Investment Policy

The trustees are required to approve any financial investments prior to purchase. The trust currently holds no financial investments other than cash held in current accounts at year end. Any future investments entered in to will enable the trust to make good use of surplus funds, whilst maintaining adequate account balances to meet cash flow fluctuations. The principal consideration will be the minimisation of risk. The trustees will also carefully consider any social, environmental or ethical implications of investment decisions.

Principal Risks and Uncertainties

The main risk is that the schools will not attract enough pupils. This is a growing risk given that capacity continues to increase within the areas where the school operates. Insufficient pupil numbers not only creates a financial risk but also an educational one because the curriculum offering would have to be reduced making the school even less attractive and thus creating a "vicious circle" of falling rolls. This, in turn, could damage the school's standing in its local community and be perceived in a negative fashion by that community. The Management Team and the Board of Trustees monitors pupil numbers regularly and the Trust is currently seeing growth in its pupil numbers.

There is always the risk of a safeguarding incident which again would lead to a negative perception of the school in its community. This risk is heightened if that community is already suffering from the effects of a national situation, e.g. a pandemic. There are a number of procedures to mitigate against this including Risk Registers which are reviewed by the Finance, Risk and Audit Committee and the Board of Trustees.

Fundraising

Fundraising is a modest element 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 formal fundraising organisations used. 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 the fundraising activity.

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	4,908,814
Energy consumption breakdown (kWh)	
- Gas	3,699,393
- Electricity	1,179,852
- Transport fuel	29,569
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	680.21
Owned transport – minibuses	3.48
<u>Total scope 1</u>	683.69
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	275.07
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel in employee owned vehicles	3.13
Total gross emissions in metric tonnes CO2e	961.89
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.32

Qualification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government’s Conversion Factors for Company Reporting.

Intensity Measurement

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

Measures taken to improve energy efficiency

We have upgraded to LED lighting systems at three of our schools to improve energy efficiency and hope to extend this to all CMAT schools. We have increased the use of video conferencing technology as an alternative to face-to-face meetings, reducing the need for travel between sites.

Plans for Future Periods

The Trust has decided that to optimise pupil outcomes, we are looking to explore opportunities for our schools to join other, highly successful, Trusts. Whilst the Trust remains in the current format, however, Trustees will continue to ensure CMAT strives to provide the best outcomes for our pupils.

Auditor

Insofar as the trustees are aware:

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



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The Trustee's Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 29 January 2021 signed on the board's behalf by:

Rupert Gather
Chair of Trustees

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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance. The board of trustees has delegated the day-to-day responsibility to the Chief Executive, 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 of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Frank Green	7	7
Sarah Brown	7	7
Peter Knell	7	7
Zarna Banerjee	6	7
Roy Blackwell (appointed 1 Jan 2020)	4	4
Stephen Chamberlain (resigned 31 Oct 2019)	1	1
Emma Reade (resigned 7 Nov 2019)	0	1
John Revill (resigned 16 Dec 2019)	0	2
Nick Palazzo-Corner (resigned 9 Dec 2019)	0	2

During the year, the board has strengthened its governance approach and controls. This has enabled the board to deliver more robust oversight as well as encouraging an increased focus on the strategic outlook for the Trust.

The Finance, Risk and Audit Committee (FRAC) is a sub-committee of the main Board of trustees. In line with the responsibilities set out in the Academies Financial Handbook, FRAC seeks to ensure that financial resources are used appropriately and risks (both financial and non-financial) are reviewed and mitigated as appropriate.

Attendance at FRAC meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Frank Green	3	4
Sarah Brown	4	4
Peter Knell	4	4
Zarna Banerjee	3	4
Roy Blackwell	3	3

Review of Value for Money

As accounting officer, the Chief Executive has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust and the central team have delivered improved value for money during the year by ensuring that resources are properly targeted. There is a clear hierarchy of needs and a schedule of buildings works/curriculum development agreed with the schools. Information on these developments is disseminated to parents/communities via schools' newsletters/bulletins, governing bodies and by the trust's website.

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 Challenger Multi Academy Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the Finance, 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
- identification and management of risks

The board of trustees has decided to appoint Haines Watts as internal auditor. The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period included:

- Key financial controls
- Risk management
- Safeguarding
- Governance

On a regular basis, the auditor reports to the board of trustees, through the Finance, Risk and Audit Committee, on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities and prepares summary reports to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

To date, the internal auditor has delivered their schedule of work as planned. There were no material control issues identified as part of the internal auditor's work. The board of trustees is monitoring the implementation of recommendations through receiving regular updates from the senior management team.

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

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

Approved by order of the members of the board of trustees on 29 January 2021 and signed on its behalf by:



Rupert Gather
Chair of Trustees



Roy Blackwell
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 board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2019. I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

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



Roy Blackwell
Accounting Officer

29 January 2021

Statement of Trustees' Responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 29 January 2021 and signed on its behalf by:



Rupert Gather
Chair of Trustees

Independent Auditor's Report on the Financial Statements

Opinion

We have audited the financial statements of The Challenger Multi Academy Trust for the year ended 31 August 2020 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 2020 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 2019 to 2020 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: 29th January 2021

Independent Reporting Accountant's Report on Regularity

In accordance with the terms of our engagement letter dated 28 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Challenger Multi Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Challenger Multi Academy Trust's funding agreement with the Secretary of State for Education dated 26 August 2015 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw to our conclusion includes 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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

Date: 29th January 2021

Statement of Financial Activities for the Year Ended 31 August 2020
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset funds £000	2019/20 Total £000	2018/19 Total £000
Income and endowments from:						
Donations and capital grants	3	-	23	5,155	5,178	1,582
Charitable activities: funding for the academy trust's educational operations	4	-	16,851	-	16,851	15,591
Other trading activities	5	1,483	532	-	2,015	1,482
Investments	6	1	-	-	1	1
Total		1,484	17,406	5,155	24,045	18,656
Expenditure on:						
Raising Funds	7	1,366	-	-	1,366	1,404
Charitable Activities: Academy trust educational operations	7,8	-	17,314	2,570	19,884	19,301
Total		1,366	17,314	2,570	21,250	20,705
Net income/(expenditure)		118	92	2,585	2,795	(2,049)
Transfers between funds		-	-	-	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	28	-	(2,378)	-	(2,378)	(1,432)
Net movement in funds		118	(2,286)	2,585	417	(3,481)
Reconciliation of funds						
Total funds brought forward		630	(11,818)	53,768	42,580	46,060
Total funds carried forward		748	(14,104)	56,353	42,997	42,579

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

Balance Sheet as at 31st August 2020

Company Number: 09270040

		2020	2020	2019	2019
	Note	£000	£000	£000	£000
Fixed assets					
Intangible assets	12		-		66
Tangible assets	13		56,353		53,247
Current assets					
Debtors	14	549		475	
Cash at bank and in hand		<u>1,542</u>		<u>1,180</u>	
		2,091		1,655	
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(1,393)</u>		<u>(1,506)</u>	
Net current assets			<u>698</u>		<u>149</u>
Total assets less current liabilities			57,051		53,462
Creditors: Amounts falling due after more than one year	16		<u>(2,233)</u>		<u>(2,209)</u>
Net assets excluding pension liability			<u>54,818</u>		<u>51,253</u>
Defined benefit pension scheme liability	18		<u>(11,821)</u>		<u>(8,674)</u>
Total net assets			<u>42,997</u>		<u>42,579</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	17	56,353		53,767	
Restricted income fund	17	(2,283)		(3,144)	
Pension reserve	17	<u>(11,821)</u>		<u>(8,674)</u>	
Total restricted funds			42,249		41,949
Unrestricted income funds			748		630
Total funds			<u>42,997</u>		<u>42,579</u>

These financial statements on pages 20-42 were approved by the trustees and authorized for issue on 29 January 2021 and are signed on their behalf by:



Rupert Gather
Chair of Trustees

**Statement of Cash Flows for the Year
Ended 31st August 2020**

	Notes	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	199	(2,000)
Cash flows from investing activities	23	163	906
Cash flows from financing activities	22	-	1,559
Change in cash and cash equivalents in the reporting period		<u>362</u>	<u>465</u>
Cash and cash equivalents at 1 September		<u>1,180</u>	715
Cash and cash equivalents at 31 August	24	<u>1,542</u>	<u>1,180</u>

Notes to the Financial Statements for the Year Ended 31 August 2020

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 2019 to 2020 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

The Trustees have considered both the short and longer term financial projections and other risks that may affect the Trust. They have considered the key risks that could negatively impact the going concern of the Trust and have considered the budget and forecast, cash flow projections and financial recovery plan over the period to January 2022. It is recognised that Challenger Multi Academy Trust remains in a recovery phase after the restructuring during 2018/19. A key element of the restructuring was the necessary reduction in staff costs across the Trust. From 1 January 2019 the Trust began delivering the targeted savings, which equate to over £1m annually. This plan is set to return the Trust to a sustainable financial position, including running a surplus revenue position by 2020/21, which is well ahead of the anticipated position posted in the prior year accounts.

Whilst the financial position no longer presents an immediate going concern risk, the decision of the Trustees is to optimise pupil outcomes, most likely through the re-brokering of the schools to other Trusts, naturally presents a going concern risk to the remaining CMAT entity. However, this risk is mitigated by two key decisions: firstly that, in the event of re-brokering, all the schools would transfer to a different trust(s) at the same time, thus avoiding the creation of an unviable MAT; secondly, the sponsor body, The Challenger Trust, has stated that, on the transfer of the schools, it would wind up the Challenger MAT, thus avoiding any concerns about the creation of an "empty" MAT which might have "going concern" implications.

If the Trust were to stay together, as outlined in 'Principal Risks and Uncertainties' another key area of uncertainty is pupil numbers. The Trust is forecasting positive growth in pupil numbers over the next 5 years, however, if the Trust's pupil numbers were to decrease, this would present a significant challenge financially.

The Board have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. These include:

- Regularly reviewing the 5 year recovery plan to ensure the Trust remains on target with its financial targets.
- Recognising that significant savings have already been implemented and the Trust is in a healthier financial position than 12 months earlier.
- Reviewing the current cash balance and both long- and short-term forecasts
- Recognising that the Trust has the support from the Education and Skills Funding Agency as demonstrated by their agreement to amend the loan repayment programme, with repayments now commencing in September 2021.

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

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. No 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 have been

identified.

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 26, will impact the carrying amount of the pension liability.

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

Income

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

Grants

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.

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.

Intangible Fixed Assets

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software	3 years
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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 14. 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 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or other financial instrument.

At the balance sheet date the Trust held financial assets at amortised cost of £1,739,000 (2019: £1,416,000) and financial liabilities at amortised cost of £1,241,000 (2019: £1,102,000).

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 Challenger Multi Academy 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 26, 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 trustees

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

There were no significant events after the reporting period that affect the ability of users to evaluate the accounts.

3. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	2019/20 Total £000	2018/19 Total £000
Capital grants	-	322	322	1,532
Donated fixed assets	-	4,833	4,833	-
Other donations	-	23	23	50
	-	5,178	5,178	1,582

4. Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	2019/20 Total £000	2018/19 Total £000
DfE/ESFA Grants				
General Annual Grant (GAG)	-	13,346	13,346	13,288
Start Up Grants	-	-	-	16
Pupil Premium	-	970	970	994
Other DfE Group grants	-	1,264	1,264	292
	-	15,580	15,580	14,591
Other Government grants				
Local authority pupil premium		36	36	53
Other local authority grants	-	1,176	1,176	757
Special educational projects	-	-	-	-
Other government grants	-	(5)	(5)	122
	-	1,207	1,207	933
Other income from the academy trust's educational operations				
	-	64	64	67
	-	16,851	16,851	15,591

5. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	2019/20 Total £000	2018/19 Total £000
Letting income	63	-	63	105
Sports Centre income	905	-	905	572
Catering income	149	-	149	223
School trips	116	-	116	165
Uniforms	1	-	1	6
Music	4	-	4	9
Other income	245	532	777	402
	<u>1,483</u>	<u>532</u>	<u>2,015</u>	<u>1,482</u>

Other income consists of sales of other goods and services of £6,521 (2019: £36,856); insurance claims of £98,141 (2019: £217,910); staff services - consultancy income of £nil (2019: £16,353); and other income of £139,582 (2019: £131,380).

6. Investment income

	Unrestricted Funds £000	Restricted Funds £000	2019/20 Total £000	2018/19 Total £000
Bank interest	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>
	1	0	1	1

7. Expenditure

	Staff Costs £000	Premises £000	Other £000	2019/20 Total £000	2018/19 Total £000
<i>Expenditure on raising funds:</i>					
- Direct costs				0	0
- Allocated support costs	632	95	639	1,366	1,404
<i>Academy's educational operations:</i>					
- Direct costs	11,630	-	592	12,222	12,163
- Allocated support costs	2,199	1,289	4,174	7,662	7,138
	<u>14,461</u>	<u>1,384</u>	<u>5,405</u>	<u>21,250</u>	<u>20,705</u>

The expenditure on raising funds was £1,366,000 (2019: £1,403,652) of which £1,366,000 was unrestricted (2019: £1,403,652).

Net (income)/expenditure for the year includes:

	2019/20	2018/19
	£000	£000
Operating lease rentals	70	81
Depreciation	1,004	803
Impairment	964	2
(Gain)/loss on disposal of fixed assets	(532)	-
Amortisation of intangible fixed assets	-	13
Fees payable to auditor for:		
- audit	57	42
- other services	-	-

8. Charitable activities

	2019/20	2018/19
	£000	£000
Direct costs - educational operations	12,222	12,163
Support costs - educational operations	7,662	7,138
	19,884	19,301

The expenditure on charitable activities was £19,884,000 (2019: £19,301,144) of which £nil was unrestricted (2019: £nil), £17,314,000 was restricted (2019: £18,485,335) and £2,570,000 was restricted fixed assets (2019: £815,809).

Analysis of support costs:

	2019/20	2018/19
	£000	£000
Support staff costs	2,199	2,894
Depreciation	1,004	803
Amortisation	-	13
Impairment	964	2
Technology costs	341	245
Premises costs	1,289	1,504
Other support costs	1,797	1,629
Legal and governance costs	68	48
Total support costs	7,662	7,138

9. Staff costs

a. Staff costs during the period were:

	2019/20	2018/19
	£000	£000
Wages and salaries	10,844	10,740
Social security costs	1,003	1,078
Pension costs	2,212	1,894
	<u>14,059</u>	<u>13,712</u>
Agency staff costs	344	371
Staff restructuring costs	58	678
	<u>14,461</u>	<u>14,761</u>

Staff restructuring costs comprise:

Redundancy payments	2	616
Severance payments	56	62
	<u>58</u>	<u>678</u>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £55,500 (2019: £54,000). Individually the payments were £3,500, £25,000, £13,000 and £14,000.

c. Staff numbers

The average number of persons employed by the Academy Trust during the year ended 31 August 2020 was as follows:

	2019/20	2018/19
	No.	No.
Teachers	167	164
Administration and support	275	254
Management	27	36
	<u>469</u>	<u>454</u>

d. Higher paid staff

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

	2019/20	2018/19
	No.	No.
£60,001-£70,000	6	9
£70,001-£80,000	4	1
£80,001-£90,000	1	1
£130,001-£140,000	-	1

e. Key management personnel

The key management personnel of the academy comprise the trustees and the senior management team as listed on page 3. The

total amount of employee benefits (including employer pension contributions and national insurance contributions) received by key management personnel for their services to the academy trust was £414,019 (2019: £439,849).

10. Related Party Transactions – Trustee’s remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The Chief Executive Officer only receives remuneration in respect of services they provide undertaking the role of Chief Executive Officer under their contract of employment.

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

S Chamberlain (Chief Executive Officer, resigned 31 st October 2019)	Remuneration £20,000-25,000 (2019: £135,000-£140,000)	Employer’s pension contributions paid £5,000-£10,000 (2019: £20,000-£25,000)
F Green (Interim Chief Executive Officer, 1 st November 2019 - 1 st January 2020)	Remuneration £20,000-£25,000 (2019: £nil)	Employer’s pension contributions paid £nil (2019: £nil)
R Blackwell (Chief Executive Officer, appointed 2 nd January 2020)	Remuneration £75,000-£80,000 (2019: £nil)	Employer’s pension contributions paid £nil (2019: £nil)

During the period ended 31 August 2020 £289 was reimbursed to trustees for travel and subsistence expenses (2019: £988).

Other related party transactions involving the trustees are set out in note 29.

11. Trustees’ and officers’ insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2020 was not separately identifiable (2019: not separately identifiable). The cost of this insurance is included in the total insurance cost.

12. Intangible fixed assets

	Software £000	2019/20 Total £000
Cost:		
At 1st September 2019	79	79
Additions		
At 31st August 2020	<u>79</u>	<u>79</u>
Amortisation		
At 1 st September 2019	(13)	(13)
Charge in year		
At 31 st August 2020	<u>(13)</u>	<u>(13)</u>
Impairment		
Charged in period	<u>(66)</u>	<u>(66)</u>
Net book value		
At 31st August 2020	<u>-</u>	<u>-</u>
At 31st August 2019	66	66

13. Tangible fixed assets

	Assets Under Construction	Freehold land & buildings	Leasehold land & buildings	Furniture & equipment	Computer equipment	2019/20 Total
	£000	£000	£000	£000	£000	£000
Cost:						
At 1st September 2019	-	44,911	9,824	638	165	55,538
Additions	102	5,026	-	54	29	5,211
Disposals	-	(218)	-	-	-	(218)
Impairment	-	(953)	-	-	-	(953)
At 31st August 2020	102	48,766	9,824	692	194	59,578
Depreciation						
At 1st September 2019	-	(1,718)	(343)	(158)	(72)	(2,291)
Charge in year	-	(615)	(120)	(213)	(55)	(1,003)
Disposals	-	13	-	-	-	13
Impairment	-	56	-	-	-	56
At 31st August 2020	-	(2,264)	(463)	(371)	(127)	(3,225)
Net book value						
At 31st August 2020	102	46,550	9,313	321	67	56,353
At 31st August 2019	-	43,193	9,481	480	93	53,247

The academy trust's transactions relating to land and buildings included:

- The acquisition of a new teaching building at The Deanes School which was completed as part of the DfE Priority Schools Building Programme framework. This was handed over at a value of £4.832m. Part of the original building was demolished as part of this project. The demolition has been recognised in the accounts as an impairment.
- Disposal of former caretakers' bungalows at Daubeney and KCA for £757,000.
- Construction of a new classroom block at Lancot Challenger Academy, funded via ESFA capital grants. As at 31st August 2020, the classroom was classified as an asset under construction with a value of £102,000. The classroom was completed on 16 October 2020.

14. Debtors

	2019/20 £000	2018/19 £000
Trade debtors	54	36
VAT recoverable	138	196
Other debtors	5	4
Prepayments and accrued income	352	239
	549	475

15. Creditors: amounts falling due within one year

	2019/20 £000	2018/19 £000
Trade creditors	634	541
Taxation and social security	491	241
Other creditors	12	307
Loans due for repayment	31	13
Accruals and deferred income	225	405
	<u>1,393</u>	<u>1,506</u>
Deferred income at 1 September:	361	93
Released from previous years	(361)	-93
Resources deferred in the year	127	361
Deferred income at 31 August	<u>127</u>	<u>361</u>

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

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

	2019/20 £000	2018/19 £000
DfE loan	2,129	2,129
Salix loans	104	80
	<u>2,233</u>	<u>2,209</u>

Loans totalling £2,128,975 from the ESFA have been provided at zero interest and are repayable at £25,000 per month, commencing September 2021.

The academy trust has received Salix loans of £154,234 in respect of projects at 3 academies, of which £60,347 was received during 2019/20. These loans are interest free and are repayable in twice yearly instalments over 5 years. As at 31st August 2020, £19,160 has been repaid.

17. Funds

	Balance at 1 September 2019	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2020
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	(3,144)	13,346	(12,485)	(200)	(2,483)
Start Up Grant	-	-	-	-	-
Pupil Premium	-	1,006	(1,006)	-	-
Other grants	-	3,054	(3,054)	200	200
Pension reserve	(8,674)	-	(769)	(2,378)	(11,821)
	(11,818)	17,406	(17,314)	(2,378)	(14,104)
Restricted fixed asset funds					
Transfer on conversion	52,614	-	(1,982)	-	50,632
DfE/ESFA capital grants	968	5,155	(588)	-	5,535
Capital expenditure from GAG	186	-	-	-	186
At 31st August 2020	53,768	5,155	(2,570)	-	56,353
Total restricted funds	41,950	22,561	(19,884)	(2,378)	42,249
Total unrestricted funds	630	1,484	(1,366)	-	748
Total funds	42,580	24,045	(21,250)	(2,378)	42,997

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
- Restricted fixed asset funds consist of tangible fixed assets.
- 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.

The funds note discloses a £200,000 transfer between the "General Annual Grant (GAG)" fund and the "Other Grants" fund as this funding is restricted funding for a capital project.

The academy trust is carrying a net deficit of £1,535,000 on restricted general funds (excluding pension reserve) plus unrestricted funds due to the financial insecurity the Trust previously entered in to. The academy trust is following a ESFA approved recovery plan to return these to surplus and is ahead of the recovery plan.

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	(1,701)	13,288	(14,732)	-	(3,145)
Start Up Grant	-	16	(15)	-	1
Pupil Premium	-	1,048	(1,048)	-	-
Other grants	160	1,248	(1,408)	-	-
Pension reserve	(6,410)	-	(832)	(1,432)	(8,674)
	<u>(7,951)</u>	<u>15,600</u>	<u>(18,035)</u>	<u>(1,432)</u>	<u>(11,818)</u>
Restricted fixed asset funds					
Transfer on conversion	53,270	-	(658)	-	52,612
DfE/ESFA capital grants	-	1,532	(536)	-	969
Capital expenditure from GAG	231	-	(45)	-	186
At 31st August 2019	<u>53,501</u>	<u>1,532</u>	<u>(1,266)</u>		<u>53,767</u>
Total restricted funds	<u>45,550</u>	<u>17,132</u>	<u>(19,301)</u>	<u>(1,432)</u>	<u>41,949</u>
Total unrestricted funds	<u>510</u>	<u>1,532</u>	<u>(1,403)</u>	<u>-</u>	<u>630</u>
Total funds	<u>46,060</u>	<u>18,655</u>	<u>(20,704)</u>	<u>(1,432)</u>	<u>42,579</u>

Analysis of academies by fund balance

Fund balances at 31 August 2020 were allocated as follows

	2019/20 £000	2018/19 £000
Lancot Challenger Academy	(86)	(61)
Kempston Challenger Academy	(1,277)	(956)
Daubeney Academy	38	(257)
The Deanes School	(1,051)	(945)
Hadleigh Junior School	(121)	(72)
The Westborough School	518	378
Springfield Primary School	130	229
Central services	314	(830)
Total before fixed assets and pension reserve	<u>(1,535)</u>	<u>(2,514)</u>
Restricted fixed asset fund	56,353	53,767
Pension reserve	(11,821)	(8,674)
Total	<u>42,997</u>	<u>42,579</u>

18. Analysis of net assets between funds

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds 31 August 2020
	£000	£000	£000	£000
Restricted general funds				
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	56,353	56,353
Current assets	748	1,343	-	2,091
Current liabilities	-	(1,393)	-	(1,393)
Non-current liabilities	-	(2,233)	-	(2,233)
Pension scheme liability	-	(11,821)	-	(11,821)
	748	(14,104)	56,353	42,997

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

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds 31 August 2019
	£000	£000	£000	£000
Restricted general funds				
Intangible fixed assets	-	-	66	66
Tangible fixed assets	-	-	53,247	53,247
Current assets	630	571	454	1,655
Current liabilities	-	(1,506)	-	(1,506)
Non-current liabilities	-	(2,209)	-	(2,209)
Pension scheme liability	-	(8,674)	-	(8,674)
	630	(11,818)	53,767	42,579

19. Capital commitments

	2019/20	2018/19
	£000	£000
Contracted for, but not provided in the financial statements	200	59

The balance relates to the completion of the new classroom at Lancot Challenger Academy.

20. Commitments under operating leases

At 31st August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019/20	2018/19
	£000	£000
Amounts due within one year	59	70
Amounts due between one and five years	103	78
Amounts due after five years	2	-

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

	2019/20	2018/19
	£000	£000
Net income/(expenditure for the reporting period (as per the statement of financial activities)	2,795	(2,048)
Adjusted for:		
Depreciation (note 13)	990	803
Amortisation (note 12)	-	13
Impairment (note 12)	963	-
Donation of fixed assets (note 13)	(4,833)	(1)
Interest receivable	-	-
Capital grants from DfE and other capital income	(322)	(1,532)
Movement in connection with defined benefit pension scheme costs	769	832
(Increase)/decrease in debtors	(74)	(17)
Increase/(decrease) in creditors	(89)	(50)
	<hr/>	<hr/>
Net cash provided by / (used in) operating activities	199	(2,000)

22. Cash flows from financing activities

	2019/20	2018/19
	£000	£000
Repayments of borrowing		
Cash inflows from new borrowing	-	1,559
Net cash provided by / (used in) financing activities	-	1,559

23. Cash flows from investing activities

	2019/20	2018/19
	£000	£000
Dividends, interest and rents from investments	1	1
Proceeds from sale of tangible fixed assets	218	-
Purchase of intangible fixed assets	-	(79)
Purchase of tangible fixed assets	(378)	(548)
Capital grants from DfE group	322	1532
Capital funding from sponsors and others	-	-
Net cash provided by / (used in) investing activities	<hr/>	<hr/>
	163	906

24. Analysis of cash and cash equivalents

	2019/20	2018/19
	£000	£000
Cash in hand and at bank	1,542	1,180
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	1,542	1,180

25. Analysis of changes in net debt

	At 1 September 2019	Cash flows	At 31 August 2020
	£000	£000	£000
Cash	1,180	362	1,542
Loans falling due within one year	(13)	(18)	(31)
Loans falling due after more than one year	(2,209)	(24)	(2,233)
Total	(1,042)	320	(722)

26. Contingent liabilities

The trust had no contingent liabilities at the balance sheet date.

27. 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.

28. Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bedford Borough Council 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 2016 and of the LGPS 31 March 2016.

Contributions amounting to £241,878 were payable to the schemes at 31 August 2020 (2019: £215,966) 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 teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future

contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £1,490,124 (2019: £1,135,438).

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.

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 2020 was £898,000 (2019: £1,046,000), of which employer's contributions totalled £714,000 (2019: £860,000 and employees' contributions totalled £184,000 (2019: £186,000). The agreed contribution rates until 31 March 2022 range from 23% - 26.6% percent for employers and 5.5%-12.5% per cent for employees.

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

Principal actuarial assumptions

	2019/20	2018/19
Rate of increase in salaries	3.2%-3.3%	2.5%-3.7%
Rate of increase for pensions in payment/inflation	2.2%-2.3%	2.20%
Discount rate for scheme liabilities	1.6%-1.65%	1.90%

The following figures are a summary of figures for the seven academies within the Trust at 31 August 2020.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2019/20	2018/19
<i>Retiring today</i>		
Males	22	21.3
Females	24.1	24.2
<i>Retiring in 20 years</i>		
Males	23.2	22.4
Females	25.7	25.1

Sensitivity analysis

	2019/20	2018/19
Discount rate +0.1%	(475)	(359)
Discount rate -0.1%	489	367
Mortality assumption - 1 year increase	683	527
Mortality assumption - 1 year decrease	(658)	(508)
CPI increase +0.1%	456	322
CPI increase -0.1%	(446)	(313)

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

	2019/20	2018/19
	£000	£000
Equities	4,812	4011
Gilts	137	171
Corporate bonds	848	638
Property	643	529
Cash and other liquid assets	336	228
Derivatives	-	-
Investment funds	-	-
Asset backed securities	-	-
Other	568	462
Total market value of assets	7,344	6,039

The actual return on scheme assets was £263,000 (2019: £296,000).

Amount recognised in the Statement of Financial Activities

	2019/20	2018/19
	£000	£000
Current service cost	(1321)	(1,153)
Past service cost	-	(366)
Interest income	-	-
Interest cost	(157)	(171)
Benefit charges, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Admin expenses	(4)	(2)
Total amount recognised in the SOFA	(1482)	(1,692)

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

	2019/20	2018/19
	£000	£000
At 1 September	14,713	11,497
Current service cost	1,321	1,153
Past service cost including curtailments	-	366
Interest cost	275	319
Employee contributions	184	186
Actuarial (gain)/loss	3,027	1,580
Plan introductions, benefit changes and settlements	(355)	(388)
At 31 August	19,165	14,713

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

	2019/20	2018/19
	£000	£000
At 1 September	6,039	5,087
Interest income	114	148
Return on assets less interest	149	146
Actuarial gain/(loss)	500	
Employer contributions	713	860
Employee contributions	184	186
Plan introductions, benefit changes and settlements	(355)	(388)
At 31 August	7,344	6,039

29. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. No related party transactions took place in the financial period.

30. 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 2020 the academy trust received £6,455 (2019: £11,042). Due to the Covid-19 pandemic £4,101 was unspent at the year end and will be distributed in 2020/21.