

Champion Education Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31st August 2020

Champion Education Trust
Annual Report and Financial Statements
Year Ended 31st August 2020

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Champion Education Trust

Reference and Administrative Details

Year Ended 31st August 2020

Members	Mr J Henderson Mrs C Hesketh Mr L Stove
Trustees	Mrs A Howard Mrs D Thomson (chair) Mrs H Wood Ms J Byrne Ms A Holdsworth Mr A Terry (Appointed 6 th September 2019) Ms D Johnson (Appointed 1 st October 2019) Mr P Bradbury (Appointed 2 nd March 2020) Mrs E Cousins (Served from 2 nd March 2020 to 9 th July 2020) Mr G Morley (Served from 6 th September 2019 to 6 th March 2020) Mrs P Keigher (Resigned 4 th September 2019)
Secretary	Ms N Chester
Champion Education Trust Executive Team	Mrs D Atkinson (Trust Leader and Executive Headteacher of BCHS and Crosshill) Ms N Chester (Finance and Operations Leader)
Principal and Registered Office	Haslingden Road Blackburn Lancashire BB2 3HJ
Company Registration Number	11630363
Independent Auditor	CWR Chartered Accountants 20 Mannin Way Lancaster Business Park Caton Road Lancaster LA1 3SW
Bankers	Lloyds Bank Church Street Blackburn BB2 1JQ

Champion Education Trust

Reference and Administrative Details

Year Ended 31st August 2020

Solicitors

Browne Jacobson
No1 Spinningfields
1 Hardman Square
Spinningfields
M3 3EB

Champion Education Trust

Trustees' Report

Year Ended 31st August 2020

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

During the year the Trust operated an academy for pupils aged 11-16, Blackburn Central High School, with a capacity of 900 pupils and an academy for pupils aged 11-19, Crosshill Special School, with a capacity of 77 places. Lotus School, Blackpool, opened in September 2020, a brand new purpose built special school for pupils with SEMH, with a capacity of 48 places.

1. Structure, Governance and Management

1.1 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 Champion Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Champion Education Trust.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

1.2 Members' Liability

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

1.3 Trustees' Indemnities

The trustees are indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. The limit of this indemnity is £10,000,000.

1.4 Method of Recruitment and Appointment or Election of Trustees

The members appoint the trustees. Trustees are appointed for a maximum of 4 years and will be eligible for re-appointment.

1.5 Policies and Procedures Adopted for the Induction and Training of Trustees.

Newly appointed trustees are provided with previous minutes and key documents and attend an initial meeting with the Trust Leader and Chair of the Trust. The Trust also engage with Blackpool Council who provide an induction pack for all those newly appointed.

1.6 Organisational Structure

The trustees are the directors of the charitable company for the purposes of company law. They have overall responsibility and ultimate decision making at all levels. The trustees have responsibility for strategic direction and growth of the Trust, adopting an annual plan and budget, monitoring financial management and other performance information, setting general Trust policies, making Trust level and headteacher appointments and approving the annual report and financial statements. The trustees delegate day to day operation of the schools to the Headteachers in each school who are supported by school leadership.

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Trustees' Report

Year Ended 31st August 2020

The Trust executive team consists of the Trust Leader (CEO and Accounting Officer), Finance and Operations Leader (CFO), and Finance Manager. These leaders control the Trust at an executive level implementing the policies laid down by the trustees and reporting back to them.

Roles and responsibilities at all levels are clearly defined within the Scheme of Delegation.

1.7 Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trust has a Pay Committee that has responsibility for agreeing the pay of the Chief Executive. The Committee is supported by an independent consultant for this task. Senior Leadership pay is set by reference to benchmarking and comparison of pay with other roles in the sector.

The Trust has adopted a single pay policy for use across the whole Trust.

1.8 Related Parties and Other Connected Charities and Organisations

There are no related parties, other connected charities or organisations to report.

2. Objectives and Activities

2.1 Objects and Aims

Champion Education Trust is a not for profit Multi Academy Trust. The objects of the Trust are:

- to establish, maintain, carrying on, managing and developing schools, enabling them to be outstanding.
- to grow a family of schools with broad and balanced curriculums providing for all our children in their communities, that will champion all students including some of the most disadvantaged and vulnerable students in our communities.
- to develop an inclusive family of schools that support and share outstanding practice enabling all to succeed.

It is the aim of the Trust to provide outstanding provision, world class teaching, in school therapy solutions, inspiring environments and an innovative curriculum to remove barriers enabling all the young people in their schools to be the best they can be. To achieve beyond what others thought possible.

2.2 Objectives, Strategies and Activities

Champion Education Trust is a values based Trust that aims to improve the life chances of young people, particularly those from low socio economic backgrounds and those with special educational needs.

The Trust aims to:

- Rapidly become established as a small, dynamic Trust with a family ethos, which is capable of building on its success, extending its influence and making a regional contribution within Blackburn, Blackpool and Lancashire.
- Support all schools within the Trust to have ambition and high expectations for all students
- Establish within the Trust, academies that are centres of excellence for leadership, teaching and learning, collaboration and giving all pupils a curriculum that is balanced, broadly based and prepares pupils in all schools for the opportunities, responsibilities and experiences of later life. The Trust will become a flagship and centre of learning for other academies and schools in the region.
- Be driven by a moral purpose to transform opportunities and change life chances of children and young people, who live in challenging times as well as challenging areas,
- Work in partnership and collaboration with schools across the Trust, accessing the support that they need to set themselves up for successes within an established system which in turn is responsive to the needs and performance of each academy.
- Develop expertise to improve the provision and outcomes for SEND children.

Champion Education Trust

Trustees' Report

Year Ended 31st August 2020

- Share staff and facilities across the Trust, where appropriate. This will provide greater opportunities for students to be able to choose from a wider range of subjects and consequently thrive.
- Provide access for students to recognised, high quality vocational qualifications in collaboration with local business providers and local councils in order to enhance employment/progression opportunities for students.
- Offer a range of extra-curricular activities that will encourage pupils to acquire a range of skills not directly related to their educational attainment.
- Facilitate through collaboration and openness, the sharing of effective practice across a group of schools so that improvements can be made rapidly.
- Produce effective means of leadership development at all levels.
- To develop and implement a cohesive recovery strategy supporting the social, emotional and learning skills of all students and to include a cohesive digital strategy.

2.3 Public Benefit

The Trustees have complied with their duty to have due regard to the Charity Commission's guidance on public benefit in exercising their powers or duties, in particular to its supplementary guidance on advancing education. The main public benefit delivered by the Trust is the advancement of education.

Strategic report

3. Achievements and Performance

CET has appointed three new headteachers who have taken up their positions this September to lead each of the Trusts three schools. These headteachers are supported by the Trust Leader and the Director for School Improvement both who work part time. Lotus special school which opened in September 2020 is also supported by the head teacher in Crosshill who has shared her SEMH expertise with the Lotus headteacher prior to the school opening.

BCHS and Crosshill were both judged to be good by Ofsted in their last inspections. Lotus has yet to be inspected. Ofsted Inspections should be resumed in January 2021 based on the Education Inspection Framework. Our school improvement strategy has focused on the deep dive methodology which started in 2019 with plans to continue in 2020. This is being reviewed due to the covid pandemic, it is hoped that the priorities will be on student voice, quality of work and remote learning. Lotus will be supported by the Director of school improvement.

GCSE results in BCHS continued to show improvements. The school exceeded FFT 20th percentile estimates in 5 out of 7 cases. This demonstrates significant improvements in attainment. The progress 8 is slightly above the expectation (0) which show strong progress based on the starting points and backgrounds of the students. Both attainment and progress will remain priorities.

The progress of the students in Crosshill Special School demonstrated that the majority of students exceeded expectations based on their starting points and flight paths. Outcomes for the year 11 students demonstrated high expectations, all students achieved a range of ambitious qualifications these varied according to the 3 different pathways which have been planned to meet the range of needs.

There was no data for Lotus. Due the nature of their needs the ability and time in education will vary, a base line has been achieved for all students and their progress will be measured against these starting points.

In careers, BCHS has achieved 9 out of the 10 Gatsby benchmarks for careers and has achieved the bronze careers award for schools with the silver award pending.

Crosshill has achieved the wellbeing award for schools recognising the support it offers, staff students and their families. In addition they have just become an asthma friendly school.

Champion Education Trust

Trustees' Report

Year Ended 31st August 2020

Covid-19

The Covid-19 pandemic meant that the two schools had to close to large numbers of pupils from March 2020. However the schools remained open to pupils that were identified in the vulnerable or key worker groups, who were all offered full time provision. The schools remained open during the Easter and May half term breaks and the efforts and dedication of all staff during a very difficult period is to be applauded.

The majority of pupils who remained at home and who had the technology to do so were able to access remote learning alongside a wide range of personalised pastoral support. For pupils who didn't have technology at home, printed packs were provided. Free school meals were provided to all eligible via a voucher system and staff also came in to school several times to make up food parcels which were personally delivered to all households in need.

The pandemic necessitated significant investment to ensure that the buildings and IT infrastructure were suitable e.g. purchasing screens, additional furniture, ICT equipment, signs, as well as ongoing purchasing of PPE and additional cleaning equipment. Additional cleaning hours also had to be put into place.

The financial impact of this was moderate in 2019/20, as the trust received back claims by the schools under the covid exceptional expenses fund (which were received in 2020/21), and some savings were made on other goods and services as a result of the closure. However it is recognised in 2020/21 that these costs will cause significant detriment to the budget if there are no more exceptional costs grants released by the government. This will be built into the on-going risk assurance process.

The staff in the trust have had to quickly adapt to remote learning, live lessons and home working where needed. The speed of upskilling of both staff and students has been phenomenal and transformational.

There is concern over gaps in learning and these are being addressed when the children returned in September. Pupils and staff wellbeing has been at the heart of any decisions that have been made.

3.1 Key Performance Indicators

BCHS

Progress 8 is above expectation adjusted to +0.15. This is significant given the KS2 prior attainment points score was 26.6 below national average on entry.

The last 4 years shows a journey of consistent upward improvement. Progress in English and Maths is above the progress of 0 which indicates expectation. 5 of the 7 FFT20 indicators have been exceeded.

Gender-The 2020 attainment gap has narrowed to 0.42 compared to a gap of 0.83 in 2019 – now less than ½ a grade A8 improved from 3.74 to 4.39↑

The gap is narrowing for boys' attainment although there is still work to do for white British boys. Disadvantaged- P8 = -0.38 compared to 0.15 for the whole cohort.

A8 = 4.18 compared to 4.61 for the whole cohort, a gap of just under ½ a grade. The A8 has improved compared to last year (3.67 in 2019).

20% of disadvantaged achieved the higher pass for the EBacc suite of qualifications which is just below national average for all students.

Crosshill

There were 19 pupils in the 2020 cohort. The average number of qualifications achieved per pupil was 8.1.

9 pupils achieved a post-16 qualification in further learning and employment.

15 pupils achieved a recognised, accredited English qualification.

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Trustees' Report

Year Ended 31st August 2020

15 pupils achieved a recognised, accredited maths qualification.

5 achieved a recognised, accredited ICT qualification.

5 achieved a recognised, accredited Science qualification.

A number of other qualifications were achieved including: digital employability, independent travel, cooking skills, food hygiene, PE, childcare, small animal care, performing arts, PSHE, PSD, life & living skills, art, Asdan, D of E, Duke of York Award, AQA units, Equals adventure.

Number on roll in both BCHS and Crosshill are over PAN, the demand for places is high making it a priority to secure space for Crosshill

It is recognised that staffing costs to income % is between 75 and 80% of across both schools, and that this might be considered to be high as the recommended level is between 70 and 75%. KPIs will be closely monitored and this figure has already been planned to reduce for 2020/21. The trust recognise that the staff costs may appear to be higher than average due to the fact that the trust has a large percentage of high needs students in BCHS, and Crosshill of course, being a special school, has a low pupil to staff ratio.

3.2 Going Concern

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

4. Financial Review

4.1 Operating and Financial Review

This has been the first year of operations for Champion Education Trust. At 31st August 2020 the Trust held revenue fund balances of £1,384,000 comprising of restricted general funds of £314,000 and unrestricted funds of £1,070,000. In addition to this the pension reserve shows a deficit of £2,962,000 and fixed assets to a value of £19,396,000 are held by the academy trust.

4.2 Reserves Policy

The trustees review the reserve levels of each Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. Under its Funding Agreement with the Secretary of State for Education, Champion Education Trust is permitted to hold unlimited reserves at year end.

The Trustees updated the Reserves Policy in August 2020 and in doing so established an appropriate level of free reserves for each academy within the Trust which is 3% of the GAG funding. This is to provide sufficient working capital to cover delays between receipt of grants and to provide a cushion to deal with unexpected emergencies.

The Trustees reserve the right to recover reserves held above 5% for secondary academies and 8% for primary and special academies.

Champion Education Trust's current level of free reserves is disclosed at note 14. Reserves are held to ensure that the Trust has sufficient resources to continue to advance the education of pupils, including incurring the necessary capital expenditure.

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Trustees' Report

Year Ended 31st August 2020

4.3 Investment Policy

The Trust does not currently hold any investments other than cash, which is held for its normal operations. The trustees have adopted a low risk strategy to its cash balances. The Trust will seek to maximise its return by investing surplus cash in time deposits with banks, which will be approved by the trustees.

4.4 Principal Risks and Uncertainties

The Trust has undertaken work during the period to develop and embed the system of internal control, including financial, operational and risk management which has been designed to protect the Trust's assets and reputation. A full review of risks has been conducted and systems have been established to mitigate those risks. Champion Education Trust has identified the major risks it faces and has documented these within its risk register, which is reviewed by trustees.

The Audit Committee has an ongoing responsibility for the monitoring of risks and CWR were engaged as Internal Auditors to ensure maintained compliance. An internal audit plan was agreed and undertaken in 2019/20.

4.7 Fundraising

The Academy Trust does not use any external fundraisers.

4.8 Streamlined Energy and Carbon Reporting

As the Academy Trust has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

5. Plans for Future Periods

Champion Education Trust has identified the following future key aims and objectives:

- Secure the additional space needed for the Blackburn schools to ensure that all students have a comfortable, modern and fit for purpose learning environment, maximising the use of reserves
- Ensure Lotus School (opened in September 2020) increases its number on roll in line with plans and has a successful first year of opening
- Continue to maintain the performance of students at all levels and review curriculum content to ensure future pathways for students
- Secure meaningful and relevant opportunities for Trust growth whilst increasing the capacity of the Trust central team
- Recruit additional Members to fill vacancies
- Enhance our digital learning experiences in response to the challenges that are arising from the Covid pandemic
- All Headteachers to have completed or be working towards NPQH/NPQEL
- Each Local Governing Body and Headteacher working collaboratively to improve outcomes
- Secure a positive annual Trust board review

6. Funds Held as Custodian Trustee on Behalf of Others

Details of assets and arrangements for safe custody and segregation should be given where the Academy Trust or its trustees are acting as custodian trustee. It should include the name and objects of the charity on whose behalf they are being held and how this activity falls within their own objective.

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Trustees' Report

Year Ended 31st August 2020

7. Auditor

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 3rd December 2020 and signed on the board's behalf by:

Mrs D Thomson
Chair of Trustees

Champion Education Trust

Governance Statement

Year Ended 31st August 2020

7.1 Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Champion Education 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 Trust Leader, 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 Champion Education 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.

7.2 Governance

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

Financial updates are given to the finance committee and Chair of the Trust each month and are discussed at each full Trust meeting.

The Board of Trustees has formally met 3 times during the period 1st October 2019 to 31st August 2020. Attendance at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
Mrs D Thomson (chair)	3	3
Mr P Bradbury	2	3
Mrs J Byrne	3	3
Mrs E Cousins	2	2
Mrs A Holdsworth	1	3
Mrs A Howard	3	3
Mrs D Johnson	3	3
Mr G Morley	0	0
Mr A Terry	3	3
Mrs H Wood	3	3

A governance review was not carried out in 2019/20 as it was agreed that this would be done after the first full year of the Academy Trust being in operation.

Trustees are allocated to one or more of the three committees which are Finance and Resources, Audit and Standards. These committees meet on a regular termly cycle, however due to the pandemic some did not meet as often in 2019/20. There is also the pay committee that meets once a year in the autumn term and comprises the chairs of the Trust, finance and standards committees. Each academy has a Local Governing Body that meet once per term.

The **finance and resources committee** is a sub-committee of the main Board of Trustees. Its purpose is to consider and recommend to the Board, acceptance or non-acceptance of the academies budgets each financial year, ensure compliance with the academies financial handbook, review financial policies, assess performance against budgets and receive reports and action as necessary on propriety and human resources matters.

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Governance Statement

Year Ended 31st August 2020

Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a Possible
D Johnson	2	3
A Terry	2	3
H Wood	3	3

The **audit committee** is also a sub-committee of the main Board of Trustees. Its purpose is to maintain an oversight of the Trust's governance, risk management, internal control and value for money framework.

Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a Possible
J Byrne	2	2
A Terry	1	2
D Thomson	2	2

7.3 Review of Value for Money

As Accounting Officer the Trust Leader 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 available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Developing robust financial procedures to ensure segregation of duties and consistency across all schools.
- Introduction of a new finance software system encompassing budgeting and accounts.
- Centralising the finance function to avoid duplication within the Trust.
- Shared procurement across all schools e.g. multi function device contracts.

7.4 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 ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's 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 Champion Education Trust for the period 1st October 2019 to 31st August 2020 and up to the date of approval of the annual report and financial statements.

Champion Education Trust

Governance Statement

Year Ended 31st August 2020

7.5 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 1st October 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

The Board of Trustees has decided to buy in an internal audit service from CWR. The Academy Trust is precluded from using CWR in academic year 2020/21 due to legislation changes and will seek to appoint a new internal auditor in due course.

7.6 Review of Effectiveness

As Accounting Officer, the Trust Leader 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
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Board of Trustees on 3rd December 2020 and signed on its behalf by:

Mrs D Thomson
Chair of Trustees

Mrs D Atkinson
Accounting Officer

Champion Education Trust

Statement on Regularity, Propriety and Compliance

Year Ended 31st August 2020

As Accounting Officer of Champion Education Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & 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.

Mrs D Atkinson
Accounting Officer

Date: 3rd December 2020

Champion Education Trust

Statement of Trustees' Responsibilities

Year Ended 31st August 2020

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

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

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education & Skills Funding Agency and Department for Education 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 3rd December 2020 and signed on its behalf by:

Mrs D Thomson
Chair of Trustees

Champion Education Trust

Independent Auditor's Report to the Members of Champion Education Trust

Year Ended 31st August 2020

Opinion

We have audited the financial statements of Champion Education Trust (the 'Academy Trust') for the year ended 31st August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flows and the 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at the 31st August 2020, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

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 Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Other information includes the trustees' report (incorporating the strategic report and the directors' report), the governance statement, and the Accounting Officer's statement. 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.

(Continued)

Champion Education Trust

Independent Auditor's Report to the Members of Champion Education Trust

Year Ended 31st August 2020

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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 directors' 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 set out on page 15, the trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

Champion Education Trust

Independent Auditor's Report to the Members of Champion Education Trust

Year Ended 31st August 2020

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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an 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 Academy Trust and the Academy Trust's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Robert Mitchell ACA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 16th December 2020

Champion Education Trust

Independent Reporting Accountant's Assurance Report on Regularity to Champion Education Trust and the Education & Skills Funding Agency

Year Ended 31st August 2020

In accordance with the terms of our engagement letter dated 31st August 2020 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 Champion Education Trust during the year from the 1st September 2019 to the 31st 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 Champion Education Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Champion Education 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 Champion Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Champion Education Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Champion Education Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1st 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 year from the 1st September 2019 to the 31st 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 our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 4 of Annex B of the Academies Accounts Direction 2019 to 2020 issued by the ESFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

(Continued)

Champion Education Trust

Independent Reporting Accountant's Assurance Report on Regularity to Champion Education Trust and the Education & Skills Funding Agency

Year Ended 31st August 2020

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from the 1st September 2019 to the 31st August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mr Robert Mitchell ACA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 16th December 2020

Champion Education Trust

Statement of Financial Activities incorporating Income & Expenditure Account

Year Ended 31st August 2020

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2020 £000	Total 2019 £000
Income and endowments from:						
Donations and capital grants	2	-	11	169	180	-
Transfer from local authority on conversion	28	1,123	(2,182)	19,302	18,243	-
Charitable activities:						
Funding for the Academy Trust's educational operations	3	-	7,315	-	7,315	-
Other trading activities	4	146	-	-	146	-
Total		1,269	5,144	19,471	25,884	-
Expenditure on:						
Charitable activities:						
Academy trust's educational operations	5,6	146	7,329	148	7,623	-
Total		146	7,329	148	7,623	-
Net income/(expenditure)		1,123	(2,185)	19,323	18,261	-
Transfers between funds	14	(53)	(20)	73	-	-
Other recognised gains/(losses)						
Actuarial (losses) on defined benefit pension schemes	14, 25	-	(443)	-	(443)	-
Net movement in funds		1,070	(2,648)	19,396	17,818	-
Reconciliation of funds:						
Total funds brought forward	14	-	-	-	-	-
Total funds carried forward	14	1,070	(2,648)	19,396	17,818	-

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

Champion Education Trust

Balance Sheet

Year Ended 31st August 2020

	Notes	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	11		19,371		-
Current assets					
Debtors	12	532		-	
Cash at bank and in hand		1,335		-	
		<u>1,867</u>		<u>-</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(458)</u>		<u>-</u>	
Net current assets			<u>1,409</u>	<u>-</u>	
Total assets less current liabilities			20,780		-
Net assets excluding pension liability			<u>20,780</u>	<u>-</u>	
Defined benefit pension scheme liability	25		(2,962)		-
Net assets including pension liability			<u>17,818</u>	<u>-</u>	
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	14	19,396		-	
Restricted income fund	14	314		-	
Pension reserve	14	<u>(2,962)</u>		<u>-</u>	
Total restricted funds			16,748		-
Unrestricted income funds	14		1,070		-
Total funds			<u>17,818</u>	<u>-</u>	

The financial statements on pages 21 to 47 were approved by the trustees, and authorised for issue on the 3rd December 2020 and are signed on their behalf by:

Mrs D Thomson
Chair of Trustees

Company Limited by Guarantee
Registration Number: 11630363

Champion Education Trust

Statement of Cash Flows

Year Ended 31st August 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	1,493	-
Cash flows from investing activities			
	20	(158)	-
Cash flows from financing activities			
	19	-	-
Change in cash and cash equivalents in the reporting period		<u>1,335</u>	<u>-</u>
Cash and cash equivalents at 1st September 2019		-	-
Cash and cash equivalents at 31st August 2020	21/22	<u>1,335</u>	<u>-</u>

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies

General information and basis of preparation

Champion Education Trust is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 2 of these financial statements and the principal place of business is Haslingden Road, Blackburn, BB2 3HJ. The nature of the Academy Trusts operations and principal activities are set out in the Trustees' Report on page 4.

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102) 2019), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the period for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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.

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies (continued)

Income (continued)

- **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 goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and "Income from other trading activities". Upon sale, the value of the stock is charged against "Income from other trading activities" and the proceeds are recognised as "Income from other trading activities". Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within "Income from other trading activities".

- **Transfer on conversion**

Where assets and liabilities are received by the 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 for the transfer on conversion within Donations and capital grant income to the net assets received. The basis of measurement for transferred premises is on a depreciated replacement cost model.

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.

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies (continued)

Expenditure (continued)

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £3,000 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 restrictions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold buildings	Over 125 years straight line
Furniture and fixtures	33% straight line
Computer equipment	33% straight line
Motor vehicles	25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

The building valuation for Blackburn Central High School / Crosshill Special School represents the value of leasehold assets as per the BwD Borough Council valuation carried out in 2017. In this valuation the leasehold buildings were valued at £19,192,000 using a depreciated replacement cost model (note 11).

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies (continued)

Agency arrangements

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

Conversion to an Academy Trust

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Blackburn Central High School and Crosshill Special School to an Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 28.

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 Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies (continued)

Financial instruments (continued)

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

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

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

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

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies (continued)

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31st March 2016 has been used by the actuary in valuing the pensions liability at 31st 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.

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
ESFA capital grants	-	25	25	-
DfE capital grants	-	144	144	-
Trips and other non public funds	-	11	11	-
	<u>-</u>	<u>180</u>	<u>180</u>	<u>-</u>

Income from donations and capital grants was £180,000 (2019 - £nil) of which £nil (2019 - £nil) was attributable to unrestricted funds, £11,000 (2019 - £nil) was attributable to restricted general funds and £169,000 (2019 - £nil) was attributable to restricted fixed asset funds.

£169,000 (2019 - £nil) of government grants were received for capital and maintenance works.

3 Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,822	5,822	-
Other ESFA grants	-	364	364	-
Start-up grants	-	294	294	-
	<u>-</u>	<u>6,480</u>	<u>6,480</u>	<u>-</u>
Other Government grants				
Local Authority grants	-	799	799	-
Other Government Grants	-	36	36	-
	<u>-</u>	<u>835</u>	<u>835</u>	<u>-</u>
Other income from the Academy Trust's educational operations	-	-	-	-
	<u>-</u>	<u>7,315</u>	<u>7,315</u>	<u>-</u>

Funding for Academy Trust's educational operations was £7,315,000 (2019 - £nil) of which £nil (2019 - £nil) was attributable to unrestricted funds, £7,315,000 (2019 - £nil) was attributable to restricted general funds and £nil (2019 - £nil) was attributable to restricted fixed asset funds.

£7,315,000 (2019 - £nil) of government grants were received for the purposes of the day to day running costs of the Academy and its charitable objectives.

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Catering income	85	-	85	-
Sale of educational goods and services	36	-	36	-
Supplies of staff	25	-	25	-
	<u>146</u>	<u>-</u>	<u>146</u>	<u>-</u>

Income from other trading activities was £146,000 (2019 - £nil) of which £146,000 (2019 - £nil) was attributable to unrestricted funds, £nil (2019 - £nil) was attributable to restricted general funds and £nil (2019 - £nil) was attributable to restricted fixed asset funds.

5 Expenditure

	Non Pay Expenditure			Total 2020 £000	Total 2019 £000
	Staff Costs £000	Premises £000	Other Costs £000		
Academy Trust's educational operations					
Direct costs	4,827	134	254	5,215	-
Allocated support costs	1,049	863	496	2,408	-
	<u>5,876</u>	<u>997</u>	<u>750</u>	<u>7,623</u>	<u>-</u>

£146,000 (2019 - £nil) of the above expenditure on the Academy Trust's educational operations was attributable to unrestricted funds, £7,329,000 (2019 - £nil) was attributable to restricted general funds and £148,000 (2019 - £nil) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	2020 £000	2019 £000
Operating lease rentals	10	-
Depreciation	148	-
(Gain)/loss on disposal of fixed assets	-	-
Fees payable to the auditor for:		
Audit	6	-
Other services	10	-
	<u>174</u>	<u>-</u>

No additional transactions have taken place under Section 5.2 of the 2019 Academies Financial Handbook which require additional disclosure.

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

6 Charitable activities

	Total 2020 £000	Total 2019 £000
Direct costs – educational operations	5,215	-
Support costs – educational operations	2,408	-
	<u>7,623</u>	<u>-</u>

Analysis of direct costs	Educational operations £000	Total 2020 £000	Total 2019 £000
Direct staff costs	4,827	4,827	-
Learning resources	44	44	-
Examination fees	72	72	-
School trips and visits	15	15	-
Other direct costs	257	257	-
Total direct costs	<u>5,215</u>	<u>5,215</u>	<u>-</u>

Analysis of support costs	Educational operations £000	Total 2020 £000	Total 2019 £000
Support staff costs	1,049	1,049	-
Depreciation	14	14	-
Premises costs	863	863	-
Legal costs – conversion	30	30	-
Other support costs	431	431	-
Governance costs	21	21	-
Total support costs	<u>2,408</u>	<u>2,408</u>	<u>-</u>

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

7 Staff

(a) Staff costs

	2020	2019
	£000	£000
Staff costs during the period were:		
Wages and salaries	4,281	-
Social security costs	427	-
Pension costs	1,105	-
	<u>5,813</u>	<u>-</u>
Agency staff costs	53	-
Staff restructuring costs	10	-
	<u>5,876</u>	<u>-</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	10	-
Other restructuring costs	-	-
	<u>10</u>	<u>-</u>

(b) Non-statutory / non-contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £10,000 (2019: £nil). Individually, the payments were for £6,000 and £4,000.

(c) Staff numbers

The average number of persons employed by the Academy Trust during the year, and the full-time equivalents, was as follows:

	2020	2020	2019	2019
	Number	Full-time equivalent	Number	Full-time equivalent
Teachers	70	63	-	-
Administration and support	88	64	-	-
Management	13	13	-	-
	<u>171</u>	<u>140</u>	<u>-</u>	<u>-</u>

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

7 Staff (continued)

(d) Higher paid staff

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

	2020 No.	2019 No.
£60,001 - £70,000	-	-
£70,001 - £80,000	1	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	-
	<u>2</u>	<u>-</u>

(e) Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £1,020,000 (over 11 months) (2019: £nil).

8 Central services

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

- Educational oversight
- Central policies
- HR advice and guidance
- Centralised finance/business management services
- Audit and accounting
- Legal support
- Clerking of meetings
- Health and safety advice

The Academy Trust charges for these services on the basis of a charge against recurrent GAG income.

The actual amounts charged during the year were as follows:

	2020 £000	2019 £000
Blackburn Central High School	204	-
Crosshill Special School	37	-
	<u>241</u>	<u>-</u>

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

9 Related party transactions - Trustees' remuneration and expenses

No trustees have been paid remuneration or have received other benefits from employment with the Academy Trust.

During the year ended 31st August 2020, no travel and subsistence expenses were reimbursed or paid directly to trustees (2019: £nil to trustees).

Other related party transactions involving the trustees are set out in note 26.

10 Trustees' and officers' insurance

The Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers' indemnity element from the overall cost of the RPA scheme.

11 Tangible fixed assets

	Leasehold Land and Buildings £000	Furniture and Fixtures £000	Computer Equipment £000	Total £000
Cost				
At 1 st September 2019	-	-	-	-
Transfer on conversion	19,192	-	-	19,192
Additions	164	66	97	327
Disposals	-	-	-	-
At 31 st August 2020	19,356	66	97	19,519
Depreciation				
At 1 st September 2019	-	-	-	-
Charged in period	142	4	2	148
Disposals	-	-	-	-
At 31 st August 2020	142	4	2	148
Net book values				
At 31 st August 2019	-	-	-	-
At 31 st August 2020	19,214	62	95	19,371

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

12 Debtors

	2020	2019
	£000	£000
Trade debtors	4	-
VAT recoverable	155	-
Other debtors	273	-
Prepayments and accrued income	100	-
	<u>532</u>	<u>-</u>

13 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	193	-
Other taxation and social security	-	-
Other creditors	63	-
Accruals and deferred income	202	-
	<u>458</u>	<u>-</u>

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

14 Funds

	Balance at 1 st September 2019 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	-	5,822	(5,603)	(20)	199
Start-up grant	-	294	(255)	-	39
Pupil premium	-	195	(195)	-	-
Other DfE/ESFA grants	-	169	(169)	-	-
Local Authority grants	-	727	(727)	-	-
SIG 6 funding project	-	137	(61)	-	76
Renewable Heat Incentive grant	-	36	(36)	-	-
Other restricted funds	-	11	(11)	-	-
Pension reserve	-	(2,247)	(272)	(443)	(2,962)
	-	5,144	(7,329)	(463)	(2,648)
Restricted fixed asset funds					
Building valuation on conversion	-	19,192	(141)	-	19,051
Capital grants on conversion	-	110	-	(110)	-
DfE/ESFA capital grants	-	169	-	(144)	25
Other capitalised assets	-	-	(7)	327	320
	-	19,471	(148)	73	19,396
Total restricted funds	-	24,615	(7,477)	(390)	16,748
Total unrestricted funds	-	1,269	(146)	(53)	1,070
Total funds	-	25,884	(7,623)	(443)	17,818

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2020. At the period end the carry forward of GAG funding was £199,000.

Other DfE/ESFA grants include monies received outside of GAG funding for example the Teacher Pay/Pension Grant. At the period end these funds had been fully utilised.

Local Authority grants represent amounts payable to the Academy predominantly from Blackburn with Darwen (BwD) Borough Council. This includes funds which relate specifically to Special Educational Needs (SEN) funding. As at the 31st August 2020 these funds had been spent in full.

SIG6 funding is a local funding pool in the Blackburn area for educational development. The balance on these funds at 31st August 2020 was £76,000.

Other restricted funds include monies from trips & non public funds. During the period the trips & non public funds had no excess expenditure over income.

The pension reserve represents the value of the Trust's share of the deficit in the Local Government Pension Scheme. The value of the deficit had increased to £2,962,000 at the 31st August 2020.

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

14 Funds (continued)

DfE/ESFA capital grants represent capital monies received during the period from the DFE/ESFA, £25,000 of these funds are unspent and will be carried forward to next year.

The building valuation represents the value of the building assets of Blackburn Central High School as per a third party valuation carried out in 2017 by BwD Borough Council. In this valuation the leasehold buildings were valued at £19,192,000.

Other capitalised assets post conversion represents the value of assets purchased since conversion to academy status. These will be depreciated in line with the accounting policies set out in note 1.

Unrestricted funds represents funds generated via activities such as from catering and the supply of staff. The surplus on this fund at the period end was £1,070,000 as these funds also include the cash conversion surplus to academy status. These funds can be used at the discretion of the Trustees to meet the charitable objectives of the Academy.

Total funds analysis by academy

Fund balances at 31st August 2020 were allocated as follows:

	2020 £000	2019 £000
Blackburn Central High School	980	-
Crosshill Special School	347	-
Central services	57	-
Total before fixed assets and pension reserve	<u>1,384</u>	-
Restricted fixed asset fund	19,396	-
Pension reserve	(2,962)	-
Total	<u><u>17,818</u></u>	-

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2020 £000	Total 2019 £000
Blackburn Central High School	3,822	586	39	1,263	5,710	-
Crosshill Special School	792	108	4	184	1,088	-
Central services	212	356	-	109	677	-
Academy Trust	<u>4,826</u>	<u>1,050</u>	<u>43</u>	<u>1,556</u>	<u>7,475</u>	-

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

15 Analysis of net assets between funds

Fund balances at 31st August 2020 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	19,371	19,371
Current assets	1,070	772	25	1,867
Current liabilities	-	(458)	-	(458)
Pension scheme liability	-	(2,962)	-	(2,962)
Total net assets	<u>1,070</u>	<u>(2,648)</u>	<u>19,396</u>	<u>17,818</u>

16 Capital commitments

	2020 £000	2019 £000
Contracted for, but not provided in the financial statements	<u>-</u>	<u>-</u>

17 Commitments under operating leases

Operating leases

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

	2020 £000	2019 £000
Amounts due within one year	8	-
Amounts due between one and five years	15	-
Amounts due after five years	-	-
	<u>23</u>	<u>-</u>

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

18 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2020	2019
	£000	£000
Net income for the reporting period (as per the Statement of Financial Activities)	1,316	-
Adjusted for:		
Depreciation (note 11)	148	-
Capital grants from DfE and other capital income	(169)	-
Defined benefit pension scheme cost less contributions payable (note 25)	237	-
Defined benefit pension scheme finance cost (note 25)	35	-
(Increase) in debtors	(532)	-
Increase in creditors	458	-
Net cash provided by operating activities	1,493	-

19 Cash flows from financing activities

	2020	2019
	£000	£000
Repayments of borrowing	-	-
Cash inflows from borrowing	-	-
Net cash provided by financing activities	-	-

20 Cash flows from investing activities

	2020	2019
	£000	£000
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(327)	-
Capital grants from DfE/ESFA	169	-
Capital funding received from others	-	-
Net cash (used in) investing activities	(158)	-

21 Analysis of cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	1,335	-
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	1,335	-

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

22 Analysis of changes in net debt

	At 1 st September 2019	Cash flows	Acquisition / disposal of subsidiaries	Finance leases	Other non-cash changes	At 31 st August 2020
Cash	-	1,335	-	-	-	1,335
Cash equivalents	-	-	-	-	-	-
Overdraft facilities repayable on demand	-	-	-	-	-	-
	-	1,335	-	-	-	1,335
Loans falling due within one year	-	-	-	-	-	-
Loans falling due after more than one year	-	-	-	-	-	-
Finance lease obligations	-	-	-	-	-	-
	-	-	-	-	-	-
Total	-	1,335	-	-	-	1,335

23 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any capital asset for which a Government Capital grant was received, the School is required to either re-invest the proceeds or to repay the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State, as the Secretary of State may require.

24 Members' Liability

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

25 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 Lancashire County Pension Fund. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS was 31st March 2016 and of the LGPS 31st March 2016.

Contributions amounting to £25,499 (2019: £nil) were payable to the schemes at 31st August 2020 and are included within creditors.

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

25 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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 pension costs paid to TPS in the period amounted to £860,000 (2019: £nil).

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.

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

25 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2020 was £328,000 (2019: £nil), of which employer's contributions totalled £254,000 (2019: £nil), and employees' contributions totalled £74,000 (2019: £nil). The agreed contribution rates for future years are 14.8% for employers and the rate for employees remains dependant on the earnings of the employee.

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 18th July 2013.

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

Principal Actuarial Assumptions	At 31 st August 2020	At 31 st August 2019
Rate of increase in salaries	3.8%	-
Rate of increase for pensions in payment / inflation	2.4%	-
Discount rate for scheme liabilities	1.8%	-
Inflation assumption (CPI)	2.3%	-

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

	At 31 st August 2020	At 31 st August 2019
<i>Retiring today</i>		
Males	23.8	-
Females	26.8	-
<i>Retiring in 20 years</i>		
Males	22.3	-
Females	25.0	-

Sensitivity analysis

	Central £000	Sensitivity 1 +0.1% pa discount rate £000	Sensitivity 2 +0.1% pa inflation £000	Sensitivity 3 +0.1% pa pay growth £000	Sensitivity 4 1 year inc in life expectancy £000
Liabilities	5,732	5,594	5,876	5,761	5,892
Assets	(2,770)	(2,770)	(2,770)	(2,770)	(2,770)
Deficit	2,962	2,824	3,103	2,991	3,122
Projected service cost	573	558	589	573	591
Projected net interest	51	51	53	51	54

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The Academy Trust's share of the assets in the scheme was:

	Fair value at 31 st August 2020	Fair value at 31 st August 2019
Equities	1,263	-
Gilts	-	-
Corporate bonds	191	-
Property	377	-
Cash and other liquid assets	50	-
Other	889	-
Total market value of assets	2,770	-

The actual return on scheme assets was £(14,000) (2019: £nil).

Amounts recognised in the statement of financial activities

	2020 £000	2019 £000
Current service cost (net of employee contributions)	(230)	-
Interest income	43	-
Interest expense	(78)	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Admin expenses	(7)	-
Total operating charge	(272)	-

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2020 £000	2019 £000
At 1st September	-	-
Upon conversion	4,710	-
Current service cost	484	-
Past service cost	-	-
Interest cost	78	-
Employee contributions	74	-
Actuarial loss	386	-
Benefits paid	-	-
Losses or gains on curtailments	-	-
Past service costs	-	-
Effect of non-routine transactions	-	-
At 31st August	<u>5,732</u>	<u>-</u>

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

	2020 £000	2019 £000
At 1st September	-	-
Upon conversion	2,463	-
Interest income	43	-
Return on plan assets (excluding interest income)	-	-
Assets distributed on settlements	-	-
Actuarial (loss)	(57)	-
Employer contributions	254	-
Employee contributions	74	-
Benefits paid	-	-
Administration expenses	(7)	-
At 31st August	<u>2,770</u>	<u>-</u>

26 Related Party Transactions

Owing to the nature of the Academy Trust's operations 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 Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1st April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

27 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31st August 2020 the Trust received £1,000 (2019: £nil) and disbursed £nil (2019: £nil) from the fund.

An amount of £1,000 (2019: £nil) is included in other creditors relating to undistributed funds that is repayable to ESFA.

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

28 Conversion to an Academy Trust

On 1st October 2019 Blackburn Central High School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Champion Education Trust from the Local Authority for £nil consideration.

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

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Leasehold land and buildings	-	-	19,192	19,192
Current assets				
Cash – representing budget surplus on school funds	898	65	110	1,073
LGPS pension (deficit)	-	(2,247)	-	(2,247)
Net assets	<u>898</u>	<u>(2,182)</u>	<u>19,302</u>	<u>18,018</u>

The building valuation for Blackburn Central High School represents the value of leasehold assets as per a third party valuation carried out in 2017 by BwD Borough Council. In this valuation the leasehold buildings were valued at £19,192,000.

The current assets represent the transfer of the cash reserves of Blackburn Central High School from the Local Authority.

The LGPS pension deficit represents the actuarial pension deficit of Blackburn Central High School at the 1st October 2019. This valuation was carried out by Mercer who specialise in providing actuarial services.

Champion Education Trust

Notes to the Financial Statements

Year Ended 31st August 2020

28 Conversion to an Academy Trust (continued)

On 1st October 2019 Crosshill Special School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Champion Education Trust from the Local Authority for £nil consideration.

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

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Current assets				
Cash – representing budget surplus on school funds	225	-	-	225
Net assets	<u>225</u>	<u>-</u>	<u>-</u>	<u>225</u>

The current assets represent the transfer of the cash reserves of Crosshill Special School from the Local Authority.