

**REGISTERED COMPANY NUMBER: 08048330 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 1149266**

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 AUGUST 2019  
FOR  
CHALLENGE PARTNERS**

	Page
Report of the Trustees	3 to 9
Report of the Independent Auditors	10 to 12
Statement of Financial Activities	13
Balance Sheet	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 to 23

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2019

#### Summary of the main activities

##### A) Network of Excellence

In 2019, we saw the Network of Excellence expand once again, growing into new areas and partnering with more schools than ever before. We ended August 2019 with 485 schools (2018/19: 430) across 44 hubs (2019/20: 35). Having developed a distinct offer for groups of schools, we were able to increase our presence within larger multi-academy trusts as well as local authority networks and Teaching School Alliances. We continue to welcome all phases and stages of schools: ending 2019 at 55% primary, 23% secondary, 18% special and AP with the remaining 4% comprising all-though, middle and 16+ provision.

We now have partner schools based in almost 100 local authorities across England, with new hubs established serving the communities of Aylesbury, Bolton, Bristol, Crawley, Doncaster, Knowsley, Salisbury and Widnes.

##### Quality Assurance Review

The Quality Assurance Review (QAR) is an annual peer review for each school and professional development for senior leaders to review other schools. 390 reviews took place in 2018/19 and 1,080 reviewers went out on reviews. Feedback from senior leaders and head teachers remained very high; the overall average experience score from stakeholders was 4.6/5. As part of the QAR, we offer the opportunity for experienced QA Reviewers to join the Advanced Reviewer training programme. This is a senior leadership development programme, focusing on three key areas: coaching, role modelling and knowledge mobilisation. Advanced Reviewers are able to bring extra rigour and support to review teams and are strategically deployed on school review teams. Advanced Reviewers also aid knowledge mobilisation within the network, sharing learning by feeding back to their own school and hub.

Every school in the Network of Excellence belongs to a local area hub, which receives funding for collaboration on locally-agreed priorities. In 2018/19 we saw hub funding used across our 35 hubs on a range of activities including: senior and middle leaders' CPD programmes; tackling the disadvantage gap; curriculum workshops and presentations; student and staff wellbeing; and many more.

Leadership Development Days enable school leaders to immerse themselves in excellent practice accredited through our QARs and form an important strand of our knowledge exchange strategy. Schools hosted Leadership Development Days covering subject areas and topics such as Maths, English, disadvantaged pupils, the more able, EYFS, mastery and SEND. Three to six pairs of leaders from different schools attend each day, providing the opportunity for schools to collaborate with colleagues across the partnership. Attendees are invited to observe lessons, learn about the school's journey, address challenges and reflect with colleagues. Across 2018/19 fewer Leadership Development Days were hosted than in 2017/18, but with a significant increase in the number of attendees benefitting (2017/18: 96 attendees; 2018/19: 123 attendees). This was a result of strategic planning and analysis which enabled us to use the wealth of available data to target specific topics based on the common areas of focus for school improvement that were highlighted in QARs and Hub Action Plans. Leadership Development Days continued to receive extremely high feedback scores (an average of 9.10/10).

##### B) Challenge the Gap

From February 2018-November 2019 we delivered Challenge the Gap for a final cohort of 11 primary schools belonging to one school trust in Northamptonshire. The Challenge the Gap model was adapted to serve this group of schools, with five workshops delivered by external facilitators from Charles Dickens Primary School in London. Representatives from the cohort had a final visit day to Charles Dickens school in January 2020. Attendees on the programme gave it an overall average score of 8.7/10.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2019 (continued)**

**C) Getting Ahead London**

Getting Ahead London is a programme substantially funded by the Greater London Authority (GLA) with a small contribution from participants that ran for its third year in 2018/19. The aim is to provide aspiring London headteachers with the skills, experience, networks and knowledge to take the step up to headship. All participants are matched into trios with two other aspiring leaders and meet with an experienced headteacher coach over the course of an academic year.

During 2018/19 we worked with 20 coaches and 60 participants. Within six months of finishing the programme, 29% of the cohort secured a headship or promotion. Funding has been granted by the GLA to run the programme in 2019/20 and 2020/21 with the addition of middle leaders to the cohort.

**D) EAL in the Mainstream Classroom**

EAL in the Mainstream Classroom was an EEF-funded evaluation project delivered to schools in academic year 2017/18. In 2019 evaluation partners from the EEF and University of York captured summer KS4 data from participating schools to analyse for a final programme report due to be published in 2020. Challenge Partners worked with the EEF and University of York to facilitate the collection of data and manage relationships with participating schools. We will continue to work with the EEF into 2020 as the evaluation report is finalised.

**E) Pilots on Growing the Top and Trust Peer Review**

We ran two pilot programmes in 2018/19. Growing the Top is a challenging programme for schools which have outstanding performance and are driven to keep improving and learning from each other. The Trust Peer Review enables development and improvement in host trusts through challenge and collaboration to support their development and share knowledge about what works in multi-school improvement. During 2018/19 both were independently evaluated as successful in achieving their goals, supported by robust operating models. The programmes were further refined after feedback from practitioners and evaluators and plans to implement both as full programmes in 2019/20 were put in place.

**FINANCIAL REVIEW**

**Financial position**

Challenge Partners received £2.49 million of income in the year to 31 August 2019, spending £2.64 million, delivering a deficit of £149,628.

The principal sources of funding for the year were:

£1.83 million from the Network of Excellence, primarily annual partnership subscriptions. These funds are used to support schools in improving at a rate above the national average.

£0.09 million from Challenge the Gap through programme subscriptions. These funds are used to support Challenge the Gap schools to accelerate the progress of underprivileged pupils.

£0.07 million from English as an Additional Language in the mainstream classroom (EAL) through grant funding. These funds are used to help teachers develop their competence and understanding of language development to enable EAL pupils to meet their potential.

£0.18 million from Getting Ahead London (GAL) through grant funding. These funds are used to provide aspiring school leaders in London with the skills required to step up to headship.

## **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2019 (continued)**

£0.28 million from the Social Business Trust, £0.25 million of which came in the form of a gift in kind as business consulting.

### **Reserves policy**

Challenge Partners reserves policy is to maintain three months of operating costs to cover in case of substantial loss in revenue where the company needs to shut down. Challenge Partners also maintains a level of contingency fund for opportunities that foster and promote the mission of the organisation. The minimum level of reserves to meet three months of operating costs and cover for contingency is £435,000. The Trustees consider that this level of reserves is sufficient to sustain the operation of the charity in case of a shut down. On this basis, unrestricted free reserves at 31 August 2019 were £374,539 (2018: restated £511,572).

The change in revenue recognition principle during the year resulted in the restating of opening unrestricted funds to adjust for deferred revenue reported in reserves. The change in revenue recognition principle resolves the fluctuation in the level of reserves in the year due to the charity's operational cycle.

## **FUTURE PLANS**

### **A) Network of Excellence**

We expect continued growth of the network over the coming year. We will continue to focus on retaining existing schools by continually enhancing the quality and benefits of the partner school experience. We are planning to support some existing hubs to expand as current partners develop and grow their own local partnerships, and school trusts look to use Challenge Partners to drive improvement, facilitate collaboration with others locally and enhance their nationwide outlook. We will also be reaching out to schools in new areas with the aim of developing new local area hubs.

Local collaboration remains an important part of the work within the partnership, and effective hubs enable partner schools to get the most from their partnership. We are increasing support to our hubs, working on the next phase of a Hub Gold Standard by creating a Hub Manager Toolkit, providing Hub Managers with a guide to getting the best for, and most out of, their Challenge Partner Hub. We will continue to provide hubs with funding to deliver on their action plans and facilitate local collaboration between schools.

The Partnership team have also been working to improve our Leadership Development Days offer, streamlining our processes to increase the number of days hosted as well as continuing to directly tackle issues that matter most to our schools through the alignment of QAR report taxonomy and Hub Action Plans to better support identification of topics, so we meet the needs of all our partners.

### **Quality Assurance Review**

We spent summer term and summer 2019 preparing a new QAR framework for the 2019/20 partnership year. Consistent with our mission, the new framework seeks to sharpen the focus of the QAR on provision and outcomes for disadvantaged pupils and those with additional needs, as well as bringing in other refinements to ensure the QAR keeps pace with changes to formal accountability arrangements. Early feedback has been positive with 60% of headteachers believing that it improved or greatly improved the quality of their schools QAR compared with previous years, with most of the remainder suggesting quality had been maintained at previous levels. Throughout the 2019/20 delivery year we will review the impact of the new framework and we anticipate that further refinements will be made in response to feedback from schools and reviewers. Future plans for the Advanced Reviewer programme include a toolkit to provide guidance and case studies for new Advanced Reviewers, and a process for accreditation where the Lead Reviewer will endorse the skills of an Advanced Reviewer following their completion of their first QA Review after training.

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

#### **B) Challenge the Gap/Excellence for Everyone**

Building on our work to support the most disadvantaged pupils, Challenge Partners closed down the Challenge the Gap programme and launched a new programme which we hope will help us to support even more disadvantaged pupils in schools, called Excellence for Everyone: a whole school approach (EfE). EfE builds on the success and impact of Challenge the Gap, but offers greater delivery flexibility and a lower cost to schools through a new licenced model. Lead schools pay a licence fee to Challenge Partners and are trained to deliver the programme to a local cluster of schools. In 2019/20 there are five clusters delivering the programme to 31 schools and we expect numbers to rise in subsequent years. An advisory board for the programme has been established, chaired by pupil premium expert and author, Marc Rowland and evaluation support is being provided by strategic partner ImpactEd.

#### **C) Getting Ahead London**

For academic year 2019/20, we have expanded the programme to Getting Ahead London by adding support for middle leaders in London who are aspiring to senior leadership. We will work with 24 middle leader participants and 8 middle leader coaches in a pilot year to see if the model supports middle leader development in the same way it has supported senior leader development into headship. We will also work with 48 senior leader participants and 16 headteacher coaches in 2019/20. We have already secured a further year of funding for the programme from the GLA for 2020/21 and will further expand the middle leader provision.

#### **D) Growing the Top**

In the academic year 2019/20, we are expanding this programme for outstanding schools to include special and primary schools, alongside secondary schools. We continue to develop the programme structure and content following the positive external evaluation of the pilot. Publishing the evaluation report will enable us to showcase the great knowledge mobilisation work that the programme supports and enables.

#### **E) Trust Peer Review**

During 2019/20, the refined Trust Peer Review is to be rolled out from pilot to full programme, with six trained Lead Reviewers forming an informal advisory board. An internal evaluation will build on the external NFER pilot evaluation and will establish how the programme meets its stated objectives and provides the desired value.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Organisational structure**

Challenge Partners currently has a Trustee Board who meet at least quarterly and are responsible for the strategic direction and policy of the charity. The Trustee Board represents members with experience in financial management, charity governance, as well as those that are serving head teachers from Challenge Partners schools. The Executive Director also attends all Trustee Board Meetings but has no voting rights.

The day-to-day responsibility for the provision of services is delegated to the Chief Executive. The Chief Executive is responsible for ensuring that the charity delivers the services specified and that key performance indicators are met, and also has responsibility for the day-to-day operational management and the individual supervision and development of the staff.

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2019 (continued)**

The Education Advisory Group (formerly known as Leadership Team) is responsible for representing the interests of partner schools and for ensuring the central team makes grounded decisions. It is made up of representation from the Senior Partners and is chaired by the Executive Director.

#### **Induction and training of new trustees**

Trustees are familiar with the practical work of the charity. New Trustees are encouraged to familiarise themselves with the charity and the issues with which the charity engages. They are also encouraged to attend any training courses that they feel would benefit them in their role, including courses run by Challenge Partners. Each Trustee is issued with the Charity Commission's guide "the Essential Trustee" along with the Memorandum and Articles and the latest financial statements.

#### **Key management remuneration**

The trustees of the charity set the pay of the staff annually in September of each year. When setting the remuneration trustees consider affordability, inflation and comparative information in the Education and Charity sectors.

#### **Risk management**

Challenge Partners regularly updates the internal Challenge Partners risk register. This is reviewed by the Trustees at every meeting (typically quarterly).

The principal risks and uncertainties facing Challenge Partners, and the Trustees' plan for managing those risks in 2018/19, were:

1) We are unable to recruit enough new schools into our partnership products or retain existing member schools. The Trustees mitigated against this by bolstering our Partnerships Team to ensure that the member experience is irresistible for current member schools and that the value for money of partnership is fully understood. They also ensured Challenge Partners had in place robust plans for in-hub growth and retention, and new growth building on tested successful strategy from previous year.

2) Potential (key) staff turnover within central team impacts on programme delivery. The Trustees mitigated against this by ensuring that we have the right people in the right roles in the Central Team, including approving a restructure recommended by the CEO. They also ensured we had in place the right pay scales and performance management, training and development opportunities, as well as ensuring that key roles and processes are thoroughly documented to ensure organisational resilience.

#### **JULY 2020 ADDENDUM**

This report was substantially prepared but not submitted before the coronavirus outbreak. Consistent with many organisations, the pandemic caused significant disruption to our operations, with all face-to-face activity suspended from 13 March 2020. At that point, our activity switched to supporting our schools through the challenges of partial closure, remote learning, and reopening, at the same time as taking action to mitigate financial losses. A full account will be provided in next year's annual report, but it is important to record here that the result of this activity has been positive in both impact on schools and our sustainability as an organisation.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2019 (continued)**

**REFERENCE AND ADMINISTRATIVE DETAILS**

Registered Company number  
08048330 (England and Wales)

Registered Charity number  
1149266

Registered office  
John Keats Primary School  
391 Rotherhithe New Road  
London,  
SE16 3FN

**Trustees**

Sir J Coles (Chair)  
Dame Y Bevan DBE  
Dr Kate Chhatwal (ex officio, from 3 May 2018)  
Mr C Davison  
Mr G Handforth  
Mr A Jones  
Ms M Lowe  
Mr N Pasricha  
Dame V Paterson

**Independent Auditor**

Mazars LLP  
2<sup>nd</sup> Floor  
6 Sutton Plaza  
Sutton Court Road  
Sutton, Surrey  
SM1 4FS

**Bankers**

HSBC UK Ltd  
The Helicon  
1 South Place  
London  
EC2M 2UP



**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2019 (continued)**

**TRUSTEES RESPONSIBILITY STATEMENT**

The trustees (who are also the directors of Challenge Partners for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

**AUDITORS**

The auditors, Mazars LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 18 August 2020 and signed on its behalf by:



Sir J Coles, - Chair of Trustees

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHALLENGE PARTNERS**

### **Opinion**

We have audited the financial statements of Challenge Partners (the 'charity') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2019 and of 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.

### **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 charity 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.

### **Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements**

In forming our opinion on the charity financial statements, which is not modified, we draw your attention to the trustees' view on the impact of the COVID-19 as disclosed on page 7, and the consideration in the going concern basis of preparation on page 16 and non-adjusting post balance sheet events on page 23.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the charity's activities, customers, suppliers and the wider economy.

### **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 charity'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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHALLENGE PARTNERS (CONTINUED)**

### **Other information**

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

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

We have nothing to report in this regard.

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

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

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific 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 9, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHALLENGE PARTNERS (CONTINUED)**

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the Audit Report**

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.



Nicola Wakefield  
(Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Dated: 28 August 2020

## CHALLENGE PARTNERS

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2019

	<i>Note</i>	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
<b>Income from:</b>							
<b>Charitable activities</b>							
Challenge the Gap	2	85,017	-	85,017	399,294	-	399,294
Network of Excellence	2	1,829,773	-	1,829,773	1,787,547	-	1,787,547
EAL in mainstream classroom	2	-	77,127	77,127	-	215,395	215,395
Strategic Business							
Development	2	-	280,000	280,000	-	105,500	105,500
Getting Ahead London	2	-	177,271	177,271	-	148,000	148,000
Other income	2	40,242	-	40,242	25,291	-	25,291
<b>Total income</b>		<b>1,955,032</b>	<b>534,398</b>	<b>2,489,430</b>	<b>2,212,132</b>	<b>468,895</b>	<b>2,681,027</b>
<b>Expenditure on:</b>							
<b>Charitable activities</b>							
Challenge the Gap	3	111,591	-	111,591	404,992	-	404,992
Network of Excellence	3	1,821,689	-	1,821,689	1,592,723	-	1,592,723
Strategic Business							
Development	3	-	280,000	280,000	-	105,500	105,500
EAL in mainstream classroom	3	-	96,783	96,783	-	218,555	218,555
Getting Ahead London	3	-	171,323	171,323	-	153,193	153,193
Other Expenditure	3	157,672	-	157,672	-	-	-
<b>Total expenditure</b>		<b>2,090,952</b>	<b>548,106</b>	<b>2,639,058</b>	<b>1,997,715</b>	<b>477,248</b>	<b>2,474,963</b>
<b>Net (expenditure)/income for the year</b>		<b>(135,920)</b>	<b>(13,708)</b>	<b>(149,628)</b>	<b>214,417</b>	<b>(8,353)</b>	<b>206,064</b>
<b>Reconciliation of funds:</b>							
Funds brought forward (as previously stated)		954,223	55,486	1,009,709	739,806	63,839	803,645
Prior year adjustment	13	(429,887)	-	(429,887)	-	-	-
<b>Total funds brought forward (as restated)</b>	<b>13,14</b>	<b>524,336</b>	<b>55,486</b>	<b>579,822</b>	<b>739,806</b>	<b>63,839</b>	<b>803,645</b>
<b>Total funds carried forward</b>	<b>13,14</b>	<b>388,416</b>	<b>41,778</b>	<b>430,194</b>	<b>954,223</b>	<b>55,486</b>	<b>1,009,709</b>

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure arise from continuing operations.

# CHALLENGE PARTNERS

## BALANCE SHEET AS AT 31 AUGUST 2019

Registered Company number: 08048330

	<i>Notes</i>	<b>2019</b> £	<b>2018</b> (Restated) £
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	13,877	12,764
		<b>13,877</b>	<b>12,764</b>
<b>CURRENT ASSETS</b>			
Debtors	10	401,831	681,486
Cash at bank and in hand		1,300,003	1,454,190
		<b>1,701,834</b>	<b>2,135,676</b>
CREDITORS: amounts falling due within one year	11	(1,285,517)	(1,568,618)
<b>NET CURRENT ASSETS</b>		<b>416,313</b>	<b>567,058</b>
<b>NET ASSETS</b>	15	<b>430,194</b>	<b>579,822</b>
<b>FUNDS:</b>			
Unrestricted funds	13	388,416	524,336
Restricted funds	14	41,778	55,486
		<b>430,194</b>	<b>579,822</b>

The financial statements were approved by the Board of Trustees on 18 August 2020 and were signed on its behalf by:



Sir J Coles – Chair of Trustees

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2019

## RECONCILIATION OF THE NET (EXPENDITURE)/ INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<i>Notes</i>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>			
<b>Net cash (used in)/provided by operating activities</b>		<b>(150,452)</b>	<b>303,008</b>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(3,735)	(8,514)
<b>Net cash (used in) investing activities</b>		<b>(3,735)</b>	<b>(8,514)</b>
<b>Cash flows from investing activities:</b>			
Adjustment for Output VAT		-	-
<b>Net cash provided by operating activities</b>		<b>-</b>	<b>-</b>
(Decrease)Increase in cash and cash equivalents in the year		(154,187)	294,494
<b>Cash and cash equivalents at beginning of year</b>		<b>1,454,190</b>	<b>1,159,696</b>
<b>Cash and cash equivalents at end of year</b>		<b>1,300,003</b>	<b>1,454,190</b>
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
<b>Net (expenditure)/income per SOFA</b>		<b>(149,628)</b>	<b>206,064</b>
<b>Adjustments for:</b>			
Depreciation		2,622	575
Decrease in debtors		279,655	173,023
(Decrease) in creditors		(283,101)	(76,654)
<b>Net cash (used in)/provided by operating activities</b>		<b>(150,452)</b>	<b>303,008</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

**1. ACCOUNTING POLICIES****Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The COVID-19 pandemic has had a significant impact on Challenge Partners operations. All programs involving face to face activity were suspended. A number of staff were put on furlough under the governments job retention scheme and a program of overhead cost reduction was undertaken. It is not clear how long the pandemic and the associated restrictions are likely to last nor what the long term impact will be on Challenge Partners services and operations. However, in view of the reserves available to the organisation and the actions taken to safeguard its future operations the Trustees are satisfied that the Challenge Partners will remain a going concern for the foreseeable future.

**Income**

During the financial year, the charity revised the income recognition policy to recognise income when expenditure is incurred moving away from recognising and accounting for income equally over twelve months despite variations in expenditure relating to such income.

All income is recognised in the Statement of Financial Activities in the period to which it relates to, and that it is probable that the income will be received and the amount can be measured reliably. Subscription fees that specifically relates to the next financial year have been deferred.

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

**Allocation and apportionment of costs**

Support costs are expenditure incurred directly in supporting charitable activities and are allocated to activities in proportion to the use of central services. Governance costs comprise costs involving the public accountability of the charity and its compliance with regulation and good practice.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on reducing balance
-----------------------	---------------------------

The capitalisation policy is to capitalise all individual assets which cost more than £500.

**Fund accounting**

Unrestricted funds: General funds are available for use at the discretion of the Trustees in furtherance of the charitable objectives of the charity. Designated funds represent funds set aside by the Trustees in order to fund specific projects.

Restricted funds are to be used in accordance with the specific restrictions imposed by the donors. The aims and use of restricted funds are set out in the notes to the financial statements.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

## 2. INCOME FROM CHARITABLE ACTIVITIES

	Subscription income £	Grant income £	Donated services £	Other income £	2019 Total £
Challenge the Gap	85,017	-	-	-	85,017
Network of Excellence	1,784,782	-	-	44,991	1,829,773
Strategic Business Development	-	30,000	250,000	-	280,000
EAL in mainstream classroom	-	77,127	-	-	77,127
Getting Ahead London	-	153,000	-	24,271	177,271
Other income	-	-	-	40,242	40,242
<b>Total income</b>	<b>1,869,799</b>	<b>260,127</b>	<b>250,000</b>	<b>109,504</b>	<b>2,489,430</b>

	Subscription income £	Grant income £	Donated services £	Other income £	2018 Total £
Challenge the Gap	399,294	-	-	-	399,294
Network of Excellence	1,742,193	-	-	45,354	1,787,547
Strategic Business Development	-	75,500	30,000	-	105,500
EAL in mainstream classroom	-	218,555	-	(3,160)	215,395
Getting Ahead London	-	148,000	-	-	148,000
Other income	-	-	15,000	10,291	25,291
<b>Total income</b>	<b>2,141,487</b>	<b>442,055</b>	<b>45,000</b>	<b>52,485</b>	<b>2,681,027</b>

## 3. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Support costs £	Governance costs £	2019 Total £
Challenge the Gap	92,211	19,380	-	111,591
Engine of Improvement	-	-	-	-
Network of Excellence	1,506,963	306,476	8,250	1,821,689
Strategic Business Development	250,000	30,000	-	280,000
EAL in mainstream classroom	75,151	21,632	-	96,783
Getting Ahead London	137,058	34,265	-	171,323
Other expenditure (Pilot programmes)	118,912	38,760	-	157,672
<b>Total charitable activities expenditure</b>	<b>2,180,295</b>	<b>450,513</b>	<b>8,250</b>	<b>2,639,058</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

## 3. CHARITABLE ACTIVITIES COSTS (continued)

	Direct costs £	Support costs £	Governance costs £	Total 2018 £
Challenge the Gap	171,374	233,618	-	404,992
Engine of Improvement	-	-	-	-
Network of Excellence	1,545,239	39,616	7,868	1,592,723
Strategic Business Development	30,000	75,500	-	105,500
EAL in mainstream classroom	174,809	43,746	-	218,555
Getting Ahead London	115,957	37,236	-	153,193
<b>Total charitable activities expenditure</b>	<b>2,037,379</b>	<b>429,716</b>	<b>7,868</b>	<b>2,474,963</b>

## 4. SUPPORT COSTS

	2019 £	2018 £
Gross salaries	228,776	264,275
Employer's National Insurance	85,007	59,705
Health insurance	1,754	2,176
Pension	12,658	5,142
Rates and water	-	10,902
Insurance	2,680	3,676
Telephone	1,894	2,192
Postage, printing and stationery	16,700	16,245
Sundries	1,459	1,769
Cleaning	-	3,040
Legal and professional costs	2,370	-
Rent	24,627	12,551
IT costs	33,130	11,972
Accountancy	14,703	9,212
Marketing and design	6,912	-
Depreciation	2,622	575
Event hire and catering	-	2,553
Travel costs	15,221	23,731
<b>Total support costs</b>	<b>450,513</b>	<b>429,716</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)****5. GOVERNANCE COSTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Auditor's remuneration	8,250	7,868

**6. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Net income is stated after charging:		
Auditor's remuneration	8,250	7,868
Depreciation	2,622	575
Operating leases - rent and service charge	-	12,551

**7. TRUSTEES' REMUNERATION AND BENEFITS**

During the year Dr. Kate Chhatwal received £102,500 (2018 - £53,846 for 6 months) in respect of her role as Chief Executive. Both payments have been authorised in accordance with the charity's governing document.

**Trustees' expenses**

Three trustees were reimbursed travel expenses of £912 (2018 - £354) during the year.

**8. STAFF COSTS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	776,861	586,532
Social security costs	85,007	59,705
Other pension costs	46,561	22,899
	<b><u>908,429</u></b>	<b><u>669,136</u></b>

The total remuneration of key management personnel in the year was £337,002 (2018: £320,673). This total includes consultancy fees paid to a trustee as referred to in the Related Party Disclosures (Note 16).

Key Management Personnel comprise:

Chief Executive;  
Executive Director;  
Director of Partnership and Programmes;  
Head of Finance and Operations;  
Head of Innovation;  
Head of Communications and Engagement.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

## 8. STAFF COSTS (continued)

The average monthly number of employees during the year was as follows:

	2019	2018
	No.	No.
Head count	23	17
Full Time Equivalent employees	<u>20</u>	<u>16</u>

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

	2019	2018
	No.	No.
£60,001 - £70,000	2	-
£70,001 - £80,000	1	-
£100,001 -£110,000	<u>1</u>	<u>-</u>

No pension contributions are paid on behalf of any trustee.

## 9. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £
<b>COST</b>	
Opening balance 1 September 2018	18,904
Additions	3,735
<b>At 31 August 2019</b>	<u><b>22,639</b></u>
<b>DEPRECIATION</b>	
Opening balance 1 September 2018	6,140
Charge for the year	2,622
<b>At 31 August 2019</b>	<u><b>8,762</b></u>
<b>NET BOOK VALUE</b>	
<b>At 31 August 2019</b>	<u><b>13,877</b></u>
<b>At 31 August 2018</b>	<u><b>12,764</b></u>

## 10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018 (Restated)
	£	£
Trade debtors	294,621	370,508
Other debtors	14,594	16,317
Accrued income	77,289	275,541
Prepayments	15,330	193
Amounts due from HMRC	-	18,927
	<u><b>401,834</b></u>	<u><b>681,486</b></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018 (Restated)
	£	£
Trade creditors	47,610	90,457
Social security and other taxes	49,335	43,331
Other creditors	1,174	18,564
Deferred income	1,148,675	1,400,742
Accrued expenditure	38,677	15,524
	<b>1,285,521</b>	<b>1,568,618</b>

## 12. OPERATING LEASE COMMITMENTS

At 31 August 2019, Challenge Partners was committed to making the following payments under non-cancellable operating leases:

	2019 Land & Buildings £	2018 Land & Buildings £
Payable:		
Within one year	-	14,965
Between one and five years	-	-
	<b>-</b>	<b>14,965</b>

## 13. PRIOR YEAR ADJUSTMENT

The new revenue recognition principle recognises NOE subscription income when expenditure is incurred. The old principle allowed for fluctuations in the reserves level with peaks in the summer and at its lowest in the spring. The impact of implementing the new principle is a movement in the opening unrestricted funds as shown below.

Statement of Financial Activities	2018 £
<b>Balance of Unrestricted Fund as previously stated</b>	954,223
Adjustments to correctly recognise income in line with new revenue recognition policy	(537,858)
Adjustment to funds for accruals and prepayments for recognition of new revenue policy	107,971
<b>Prior year adjustment</b>	<b>429,887</b>
<b>Funds brought forward restated</b>	<b>524,336</b>
<b>Balance Sheet</b>	
Debtors as previously stated	695,780
Prior year adjustment - prepayments	(14,294)
Debtors as restated	681,486

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)

## 13. PRIOR YEAR ADJUSTMENT (continued)

Creditors as previously stated	1,153,025
Prior year adjustment - deferred income	537,858
Prior year adjustment - accruals	(122,265)
Creditors as restated	<u>1,568,618</u>

## 14. RESTRICTED FUNDS

	1 September 2018 £	Income £	Expenditure £	31 August 2019 £
EAL in the mainstream classroom	55,486	77,127	(96,783)	35,830
Strategic Business Development	-	280,000	(280,000)	-
Getting Ahead London	-	177,271	(171,323)	5,948
<b>Total</b>	<b>55,486</b>	<b>534,398</b>	<b>(548,106)</b>	<b>41,778</b>

**Getting Ahead London (London Leadership Pool) purpose:**

Provide a bespoke programme to aspiring head teachers in London in order to better equip them to become future head teachers.

**EAL in the mainstream classroom purpose:**

Pilot a programme in schools to equip practitioners in the mainstream classroom to better aid students with English as an additional language.

**Strategic Improvement purpose:**

This fund relates to the development and growth of Challenge Partners and in the year to 31 August 2019 was supported by The Social Business Trust.

## 15. ANALYSIS OF NET ASSETS

Net movement in funds, included in the above are as follows:

	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	13,877	-	13,877
Current assets	1,660,056	41,778	1,701,834
Current liabilities	(1,285,517)	-	(1,285,517)
<b>Net assets</b>	<b>388,416</b>	<b>41,778</b>	<b>430,194</b>

## 16. RELATED PARTY DISCLOSURES

During the year Linden Educational Consulting invoiced Challenge Partners £112 (2018: £98). Dame Y Bevan, is a trustee of Challenge Partners and a director of Linden Educational Consulting. Permira Advisers (London) Ltd invoiced Challenge Partners £889. Christopher John Davison is a partner at Permira Advisers (London) Ltd.

Kate Chhatwal, a trustee of Challenge Partners, acted as chief executive of the charity during the period and received remuneration as disclosed in note 7.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (continued)**

**17. CHARITY STATUS**

The charity is a private company limited by guarantee and consequently does not have a share capital. Each member is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

**18. POST BALANCE SHEET EVENTS**

**JUBILEE NETWORKS**

In September 2019, Challenge Partners completed its acquisition of Jubilee Networks. Jubilee Networks brings together small groups of leaders and outstanding schools to support each other's efforts to improve through facilitated conversation and visits to each other's schools. The completion of the acquisition and operations are considered to be non-adjusting post balance sheet event.

**COVID-19**

The COVID-19 pandemic has had a significant impact on Challenge Partners operations. All programs involving face to face activity were suspended. A number of staff were put on furlough under the governments job retention scheme and a program of overhead cost reduction was undertaken. It is not clear how long the pandemic and the associated restrictions are likely to last nor what the long term impact will be on Challenge Partners services and operations. However, in view of the reserves available to the organisation and the actions taken to safeguard its future operations the Trustees are satisfied that the Challenge Partners will remain a going concern for the foreseeable future.

This is considered to be a non-adjusting post balance sheet event and so the measurement of assets and liabilities in the financial statements have not been adjusted for its potential impact.