

**INSPIRE ACADEMY TRUST  
(A Company Limited by Guarantee)  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**Registered Number 07781921 (England and Wales)**

**SATURDAY**



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**21/12/2013**

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**COMPANIES HOUSE**

**INSPIRE ACADEMY TRUST**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2013**

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**INSPIRE ACADEMY TRUST**  
**Reference and Administrative Details**  
**YEAR ENDED 31 AUGUST 2013**

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**Reference and Administrative Details**

**Directors**

Anthony Pitcher (appointed November 2012) [Chair]  
Richard Blackwell (appointed August 2013)  
Hanif Brora (appointed August 2013)  
Malcolm Le Bas (appointed August 2013)  
Helen Mason (resigned November 2012)  
Lindsey Noble (resigned July 2013)  
Sarah Stannard (appointed August 2013)

Separate Finance and Audit Committees are not currently established

**Company Secretary**  
**Acting Interim Company Secretary**

Nigel Tobitt (to 31 May 2013)  
Lily Garth (from 01 June 2013)

**Senior Management Team**

- Chief Executive Officer and Accounting Officer
- School/Academy Principal
- Project Director
- Finance Officer

Sarah Stannard  
  
Christian Down  
Helen Mason  
Daniel Parker

**Principal and Registered Office**

Southampton City College  
St Mary Street  
Southampton  
SO14 1AR

**Company Registration Number**

07781921 (England and Wales)

**Independent Auditor**

Baker Tilly Audit Limited  
Vantage  
Victoria Street  
Basingstoke  
Hampshire  
RG21 3BT

**Bankers**

Barclays  
Wytham Court  
11 West Way  
Oxford  
OX2 0JB

**Solicitors**

Dempster Binning LLP  
West Links Tollgate  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 3TG

# **INSPIRE ACADEMY TRUST**

## **DIRECTORS' REPORT (continued)**

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The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2012 to 31 August 2013

### **Structure, Governance and Management**

#### Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Trustees of Inspire Academy Trust Limited are also the Directors of the charitable company for the purpose of company law.

The Inspire Academy Trust was previously named the Southampton Studio School. It changed its name when it converted from single to multi academy status in the summer of 2013. During the majority of the period covered by this report, the Trust operated through its Directors and a Project Steering Group with the aim of opening its first Studio School/Academy in September 2013. This has now been achieved. The Trust currently operates through its Directors, one Local Governing Body and one Project Steering Group (with the aim of opening a second School in September 2014).

Details of the Directors who served throughout the period are included in the Reference and Administrative Details on page 1.

#### Directors

The Trust Directors are Directors for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation. The Directors term of office is 4 years, except for the Chief Executive who serves as a Director as long as he/ she is the Chief Executive. Details of the rules relating to the eligibility, appointment, reappointment and removal/retirement of Directors are set out in the Company's Articles of Association.

Directors meet at least 3 times a year and receive appropriate reports from the Local Governing Body(ies) and Project Steering Group(s). The training and induction provided for new Directors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Directors will be given a tour of a School and the chance to meet with staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their roles.

#### 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 period 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.

#### Principal Activities

The principal activity of the School is to advance for the public benefit, education in the UK, by establishing and developing a number of schools offering a broad curriculum. The Academy commenced operations in September 2013 running as the Southampton Studio School (which is about to be rebranded as the Inspire Enterprise Academy).

#### Recruitment Policy

Details surrounding the number of Company Directors and Governors of the Local Governing Bodies for the Inspire Academy Trust are contained in the Articles of Association that are registered with Companies House. The nomination of any additional Directors is through a proposal made by a Directors or Member of the Trust. In relation to Parent Governors for the individual Local Governing Bodies (for each School) it is planned that invitations for applications from interested parties will be made and a ballot will be run if and when there are more applicants than places. The number of Staff and Parent Governors is outlined in the Articles.

#### Organisational Structure

Due to the early stage of operation of the Trust, and the recent conversion to multi-academy status,

# **INSPIRE ACADEMY TRUST**

## **DIRECTORS' REPORT (continued)**

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the Trust's organisational structure is still emerging. A Chief Executive, who is the Accounting Officer, has been appointed. Information on decisions which are reserved for the Directors, those which are taken by the Local Governing Bodies and those that are delegated to management are specified in supplements to the Funding Agreement and various regulations, policies and procedures.

### Induction and Training of Trustees

The trustees are provided with bespoke induction and training as appropriate to their individual skills and experience. This includes utilisation of company and charity law guidance.

### Statement on the System of Internal Financial Control

As Directors, we acknowledge we have overall responsibility for ensuring that Inspire Academy Trust has an effective and appropriate system of control, financial and otherwise. We acknowledge responsibility for providing reasonable assurance that –

- The Trust is operating efficiently and effectively
- Its assets are safeguarded against unauthorised use or disposition
- The proper records are maintained and financial information used within the Academy or for the publication is reliable
- The Trust complies with relevant laws and regulations

The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. Over the next year, the Trust will seek to establish

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports will be reviewed by the Directors and relevant Governing Body
- Regular reviews by the Finance and Audit Committee which indicate financial performance against the forecasts
- Setting targets to measure financial and other performance
- Clearly defined purchasing guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks
- An internal audit plan

These arrangements can provide only reasonable assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

### Connected Organisations including Related Party Relationships

The Inspire Academy Trust was established as a result of an approved application made by Southampton City College to act as the sponsoring body for new studio schools to be set up in Southampton and East Cowes, Isle of Wight.

### **Objectives and Activities**

The principal object and activity of the charitable company is the operation of the Inspire Academy Trust to provide education for pupils between the ages of 14 and 19 with an emphasis on business and enterprise.

### Public Benefit

The Trust is an exempt charity and as such is regulated by the Education Funding Agency on behalf of the Charity Commission for England and Wales. The Trust's objects are to advance education for the public benefit. The Trust Directors are responsible for defining the strategic aims of the schools and directing the activities of the Principal in the furtherance of these objects. When setting objectives and planning activities, the Academy Directors give careful consideration to the Charity Commission's general guidance on public benefit.

# **INSPIRE ACADEMY TRUST**

## **DIRECTORS' REPORT (continued)**

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### **Achievements and Performance**

The Trust has achieved its objectives of setting up a studio school in Southampton. The school received its first intake of students on 3<sup>rd</sup> September 2013 and continues to grow and develop in its new premises on the St Marys Campus. The Trust is also in the pre opening phase for a further school on the Isle of Wight and this is due to open in September 2014.

#### Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that Inspire 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.

#### Key Financial Performance Indicators

As this was the first year of operation, the key financial performance indicator that was achieved was the control and use of the project development grant in respect of the Southampton Studio School. There was no overspend on the grant and it was used effectively to bring into operation the school which opened on 3<sup>rd</sup> September 2013.

### **Financial Review**

The grant received in the accounting period to 31<sup>st</sup> August 2013 amounted to £300,000 and was awarded to establish Southampton Studio School. This amount and associated expenditure are shown as restricted funds in the statement of financial activities.

#### Principal Risks and Uncertainties

The principal risk for 2013/14 is that the Trust will not be able to sign a funding agreement with the Secretary of State for the Island Studio School due to

- Lack of student applications
- Delays to the build phase to convert the existing building

To mitigate these risks, a Project Development Steering Group has been established to ensure that progress towards achieving the objectives of establishing the Island Studio School are monitored and corrective action taken as necessary.

There is also a risk that Southampton Studio School will fail in delivering the curriculum satisfactorily and hence academic progress will not be made by students. Regular monitoring of progress is being made by the local Governing Body, the Academy Trust Directors and Senior Management to ensure that this risk is minimised.

#### Reserves Policy

The policy of the Directors is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the schools whilst ensuring that excessive funds are not accumulated. Over the next three years, the Directors aim to have suitable reserves in order to meet two months worth of school expenses. Through a combination of future government funding and financial support from sponsors, the Directors are satisfied that the company's reserves will be sufficient for these purposes.

#### Investment Policy

All funds are in the current account. Over the forthcoming year, the Trust will establish an Investment Policy to ensure that funds are managed in such a way to maximise the income that can be generated on such funds, whilst operating these within a robust and secure framework.

### **Plans for Future Periods**

# **INSPIRE ACADEMY TRUST**

## **DIRECTORS' REPORT (continued)**

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The Inspire Academy Trust has started on its journey with its core philosophy being to improve the education and opportunities for the young people of Southampton and surrounding region. It will continue to develop and grow the Inspire Enterprise Academy Southampton and also is in the advanced planning stage for the establishment of a second studio school in East Cowes, Isle of Wight for which it has gained funding for the pre opening phase.

The main priority for the Board is to ensure that Southampton Studio School has a successful first year of operation and builds on this performance to ensure strong recruitment in future years. It will also oversee the development of the Isle of Wight Studio School to proceed to opening in September 2014 and investigate opportunities for a further school in the south Hampshire region.

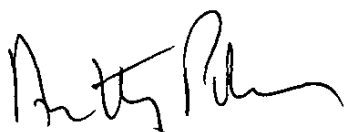
### **Auditor**

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 to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the Directors on 16<sup>th</sup> December 2013 and signed on their behalf by



**Anthony Pitcher**  
Chair

# **INSPIRE ACADEMY TRUST**

## **GOVERNANCE STATEMENT**

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### **Scope of Responsibility**

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

The Board has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Inspire Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

### **Governance**

As explained elsewhere in this report, the Trust is in an early stage of operation and has recently converted to multi-academy status. New governance arrangements are being finalised. In the meantime, appropriate reporting, decision-making and delegation are taking place at Member, Director, Local Governing Body and Project Steering Group levels.

The Southampton Studio School Project Steering Group met 11 times during the period of the review. It has now been replaced by the Local Governing Body of the Inspire Enterprise Academy Southampton.

The Project Steering Group for the Isle of Wight Studio School meets monthly from September 2013.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Inspire Academy Trust for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Directors have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Directors are of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed.

### **The Risk and Control Framework**

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability and reflects that in operation within Southampton City College. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Directors,



## INSPIRE ACADEMY TRUST

### GOVERNANCE STATEMENT

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- regular reviews by the finance and audit committee of reports which indicate financial performance against forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

Over the forthcoming year the Directors will consider the specific internal audit function that will operate. The auditor's role will include giving advice on financial matters and performing a range of checks on the academy trust's financial systems

#### Review of Effectiveness

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

- the work of the responsible officer,
- 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 reviewed the system of internal control and will develop this over the forthcoming year and ensure continuous improvement of the system is in place

Approved by order of the members of the board of Directors on 16<sup>th</sup> December 2013 and signed on its behalf by



**Anthony Pitcher**  
Chair



**Sarah Stannard**  
Accounting Officer

## INSPIRE ACADEMY TRUST

### GOVERNANCE STATEMENT

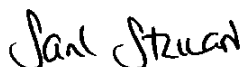
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#### Statement of Regularity, Propriety and Compliance

As accounting officer of Inspire Academy Trust Ltd, I have considered my responsibility to notify the academy trust Directors and the EFA of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Sarah Stannard  
Accounting Officer

# **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF INSPIRE ACADEMY TRUST**

## **Statement of Directors' Responsibilities**

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

Company law requires the 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 statement of affairs of the Charitable company and of its incoming resources and application of resources, including its income and expenditure for that period. In preparing these financial statements, the governors are required to

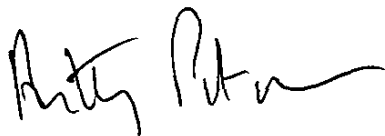
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

The 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 Directors on 16<sup>th</sup> December 2013 and signed on its behalf by



**Anthony Pitcher**  
Chair of Inspire Academy Trust

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF INSPIRE ACADEMY TRUST**

We have audited the financial statements of Inspire Academy Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

### **Respective responsibilities of Directors and auditor**

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

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 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,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

### **Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF INSPIRE  
ACADEMY TRUST**

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

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

- the charity has not kept adequate accounting records, 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



Christopher Mantel

Senior Statutory Auditor

For and on behalf of BAKER TILLY AUDIT LIMITED

Vantage

Victoria Street

Basingstoke

Hampshire

RG21 3BT

Date 19/12/13

**Inspire Academy Trust Limited**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
(including Income and Expenditure Account and Statement of Recognised gains and losses)  
for the year ended 31 August 2013

|  | Note | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Restricted<br>Fixed Asset<br>Funds<br>£ | Total<br>2013<br>£ |
|--|------|----------------------------|--------------------------|---|--------------------|
| <b>Incoming resources</b>                                  |      |                            |                          |   |                    |
| <i>Income resources from generated funds</i>               |      |                            |                          |   |                    |
| - Voluntary income   | 2    | -                          | -                        | 479,163                                 | 479,163            |
| - Activities for generating funds                          |      | -                          | -                        | -                                       | -                  |
| - Investment income  |      | -                          | -                        | -                                       | -                  |
| <i>Incoming resources from charitable activities</i>       |      |                            |                          |   |                    |
| - Funding for the Academy's educational operations         | 3    | -                          | 300,000                  | -                                       | 300,000            |
| <b>Total incoming resources</b>                            |      | -                          | 300,000                  | 479,163                                 | 779,163            |
| <b>Resources expended</b>                                  |      |                            |                          |   |                    |
| <i>Cost of generating funds</i>                            |      |                            |                          |   |                    |
| - Cost of generating voluntary income                      |      | -                          | -                        | -                                       | -                  |
| - Fundraising trading                                      |      | -                          | -                        | -                                       | -                  |
| <i>Charitable activities</i>                               |      |                            |                          |   |                    |
| - Academy's educational operations                         | 4    | -                          | 248,774                  | -                                       | 248,774            |
| <i>Governance costs</i>                                    | 4    | -                          | 31,347                   | -                                       | 31,347             |
| <b>Total resources expended</b>                            |      | -                          | 280,121                  | -                                       | 280,121            |
| <b>Net incoming/(outgoing) resources before transfers</b>  |      | -                          | 19,879                   | 479,163                                 | 499,042            |
| Gross transfer between funds                               | 13   | -                          | -                        | -                                       | -                  |
| <b>Net income/(expenditure) for the year</b>               |      | -                          | 19,879                   | 479,163                                 | 499,042            |
| <b>Other recognised gains and losses</b>                   |      |                            |                          |   |                    |
| Actuarial (losses)/gains on defined benefit pension scheme |      | -                          | -                        | -                                       | -                  |
| <b>Net movement in funds</b>                               |      | -                          | 19,879                   | 479,163                                 | 499,042            |
| <b>Reconciliation of funds</b>                             |      |                            |                          |   |                    |
| Total funds brought forward at 1 September 2012            |      | -                          | -                        | -                                       | -                  |
| <b>Total funds carried forward at 31 August 2013</b>       |      | -                          | 19,879                   | 479,163                                 | 499,042            |

The Academy's activities commenced on 1st September 2012. Prior to this date the academy was dormant so there are no comparative figures to disclose.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

**Inspire Academy Trust Limited**  
**BALANCE SHEET as at 31 August 2013**

Company Number 07781921

|   | Notes | 2013<br>£      | 2013<br>£      | 2012<br>£ | 2012<br>£ |
|---|-------|----------------|----------------|-----------|-----------|
| <b>Fixed assets</b>                           |       |                |                |           |           |
| Tangible assets                               | 10    |                | 479,163        |           | -         |
| <b>Current assets</b>                         |       |                |                |           |           |
| Debtors                                       | 11    | 27,938         |                | -         |           |
| Cash at bank and in hand                      |       | <u>111,099</u> |                | <u>-</u>  |           |
|   |       | 139,037        |                | -         |           |
| <b>Liabilities</b>                            |       |                |                |           |           |
| Creditors amounts falling due within one year | 12    | <u>119,158</u> |                | <u>-</u>  |           |
| <b>Net current assets</b>                     |       |                | <u>19,879</u>  |           | <u>-</u>  |
|   |       |                | 499,042        |           | -         |
| <b>Total assets less current liabilities</b>  |       |                |                |           |           |
| Pension scheme liability                      |       |                | <u>-</u>       |           | <u>-</u>  |
| <b>Net assets including pension liability</b> |       |                | <u>499,042</u> |           | <u>-</u>  |
| <b>Funds of the academy trust</b>             |       |                |                |           |           |
| <b>Restricted income funds</b>                |       |                |                |           |           |
| - Fixed asset fund                            |       | 479,163        |                | -         |           |
| - General fund                                |       | 19,879         |                | -         |           |
| - Pension reserve                             |       | <u>-</u>       |                | <u>-</u>  |           |
| <b>Total restricted funds</b>                 |       |                | 499,042        |           | -         |
| <b>Unrestricted income funds</b>              |       |                |                |           |           |
| - General fund                                |       | <u>-</u>       |                | <u>-</u>  |           |
| <b>Total unrestricted funds</b>               |       |                | -              |           | -         |
| <b>Total funds</b>                            |       |                | <u>499,042</u> |           | <u>-</u>  |

Inspire Academy Trust was dormant as at 31 August 2012

The financial statements on pages 13 to 28 were approved by the governors and authorised for issue on 16 December 2013 and are signed on their behalf by



**Anthony Pitcher**  
Chair

**Inspire Academy Trust Limited**  
**CASH FLOW STATEMENT**  
**for the year ended 31 August 2013**

|   | Notes | 2013<br>£      |
|---|-------|----------------|
| <b>Net cash inflow from operating activities</b>                | 17    | 111,099        |
| Returns on investments and servicing of finance                 |       | -              |
| Capital expenditure   | 18    | -              |
| <b>Increase in cash in the year</b>                             | 19    | <u>111,099</u> |
| <b>Reconciliation of net cash flow to movement in net funds</b> |       |                |
| Net Funds at 1 September 2012                                   |       | -              |
| <b>Net Funds at 31 August 2013</b>                              |       | <u>111,099</u> |



**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**1 Statement of Accounting Policies**

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**Going concern**

The Trust's forecasts and financial projections indicate that it will be able to operate for the foreseeable future and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

**Incoming resources**

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

**Grants 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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Project Development Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

**Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

**Donations**

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

**Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**1 Statement of Accounting Policies (continued)**

**Resources expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

**Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

**Charitable activities**

These are costs incurred on the trust's educational operations.

**Governance costs**

These include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management and governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**Tangible fixed assets**

Assets costing £1000 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

|                                    |                             |
|------------------------------------|-----------------------------|
| Major Building Adaptations -       | 20 to 50 years              |
| Fixtures, fittings and equipment - | 5 or 10 years straight line |
| computer equipment -               | 3 years 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.

**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**1 Statement of Accounting Policies (continued)**

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.

**Leased Assets**

Rentals under operating leases are charged over the lease term.

**Stock**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

**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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 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'). This is a defined benefit scheme, is contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the government actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the pensions note, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

**Fund Accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**2 Voluntary income**

|                     | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2013<br>£ |
|---------------------|----------------------------|--------------------------|--------------------|
| Private Sponsorship | -                          | -                        | -                  |
| Other Donations     | -                          | 479,163                  | 479,163            |
|                     | -                          | 479,163                  | 479,163            |

**3 Funding for academy's educational operations**

|                              | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2013<br>£ |
|------------------------------|----------------------------|--------------------------|--------------------|
| <b>DfE / EFA grants</b>      |                            |                          |                    |
| - General Annual Grant (GAG) | -                          | -                        | -                  |
| - Start Up Grants            | -                          | 300,000                  | 300,000            |
| - Capital expenditure Grant  | -                          | -                        | -                  |
| - Other DfE/EFA Grants       | -                          | -                        | -                  |
|                              | -                          | 300,000                  | 300,000            |
| <br><b>Total</b>             | <br>-                      | <br>300,000              | <br>300,000        |

**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**4 Resources expended**

|  | Staff costs<br>£ | Non Pay<br>Premises<br>£ | Expenditure<br>Other costs<br>£ | Total<br>2013<br>£ |
|--|------------------|--------------------------|---------------------------------|--------------------|
| Academy's education operations                     |                  |                          |                                 |                    |
| - Direct costs                                     | 130,851          | -                        | 26,024                          | 156,875            |
| - Allocated support costs                          | -                | -                        | 91,899                          | 91,899             |
|  | <u>130,851</u>   | <u>-</u>                 | <u>117,923</u>                  | <u>248,774</u>     |
| Governance costs including allocated support costs | -                | -                        | 31,347                          | 31,347             |
|  | <u>-</u>         | <u>-</u>                 | <u>31,347</u>                   | <u>31,347</u>      |
|  | <u>130,851</u>   | <u>-</u>                 | <u>149,270</u>                  | <u>280,121</u>     |

|  | 2013<br>£ |
|--|-----------|
| Incoming/outgoing resources for the year include |           |
| Operating leases                                 | -         |
| Fees payable to auditor                          |           |
| - audit  | 4,000     |
| - other services                                 | -         |
| Profit/(loss) on disposal of fixed assets        | <u>-</u>  |

**5 Charitable Activities – Academy's educational operations**

|  | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2013<br>£ |
|--|----------------------------|--------------------------|--------------------|
| <b>Direct costs</b>                          |                            |                          |                    |
| Teaching and educational support staff costs | -                          | 130,851                  | 130,851            |
| Other direct costs                           | -                          | 26,024                   | 26,024             |
|  | <u>-</u>                   | <u>156,875</u>           | <u>156,875</u>     |
| <b>Allocated support costs</b>               |                            |                          |                    |
| Recruitment and support                      | -                          | 8,790                    | 8,790              |
| Security and transport                       | -                          | 41                       | 41                 |
| Catering                                     | -                          | 991                      | 991                |
| Other support costs                          | -                          | 82,077                   | 82,077             |
|  | <u>-</u>                   | <u>91,899</u>            | <u>91,899</u>      |
| <b>Total</b>                                 | <u>-</u>                   | <u>248,774</u>           | <u>248,774</u>     |

**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**6. Governance Costs**

|                                 | Unrestricted<br>Funds | Restricted<br>Funds | Total<br>2013 |
|---------------------------------|-----------------------|---------------------|---------------|
|                                 | £                     | £                   | £             |
| Legal and professional fees     | -                     | 27,347              | 27,347        |
| Auditor's remuneration          | -                     | -                   | -             |
| - Audit of financial statements | -                     | 4,000               | 4,000         |
|                                 | -                     | 31,347              | 31,347        |

**7. Staff costs**

|                                    |                |
|------------------------------------|----------------|
| Staff costs during the period were | 2013<br>£      |
| Wages and salaries                 | 104,029        |
| Social security costs              | 15,942         |
| Pension costs                      | 10,880         |
|                                    | <u>130,851</u> |
| Supply teacher costs               | -              |
| Compensation payments              | -              |
|                                    | <u>130,851</u> |

The average number of persons (including senior management team) employed by the academy during the year expressed as full time equivalents was as follows

|                              |             |
|------------------------------|-------------|
|                              | 2013<br>No. |
| <b>Charitable activities</b> |             |
| Teachers                     | -           |
| Administration and support   | -           |
| Management                   | 1           |
|                              | <u>1</u>    |

The number of employees whose emoluments fell within the following bands was

|                   |             |
|-------------------|-------------|
|                   | 2013<br>No. |
| £60,001 - £70,000 | 1           |
| £70,001 - £80,000 | <u>-</u>    |

One above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for this employee amounted to £5,052 (2012: £0). One seconded employee of Southampton City College participated in the Local Government Pension Scheme, pension contributions amounted to £5,828 (2012: £0).

**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**8 Governors' remuneration and expenses**

Principal and staff governors not only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration was as follows

Helen Mason (Staff governor) £12,064 (2012 Nil)

During the year ended 31 August 2013, travel and subsistence expenses totalled £0 (2012 £0 were reimbursed to 0 trustees (2012 0) trustees

Other related party transactions involving the trustees are set out in note 23

**9 Governors' and Officers' Insurance**

In accordance with normal commercial practice, the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. Since the Board has only recently operated in its present form, the cover was purchased in September 2013 at an annual cost of £2,960

**10 Tangible Fixed Assets**

|                        | Freehold Land<br>and Buildings<br>£ | Leasehold<br>Land and<br>Buildings<br>£ | Furniture and<br>Equipment<br>£ | Computer<br>Equipment<br>£ | Motor<br>Vehicles<br>£ | Total<br>£ |
|------------------------|-------------------------------------|---|---------------------------------|----------------------------|------------------------|------------|
| <b>Cost</b>            |                                     |   |                                 |                            |                        |            |
| At 1 September 2012    | -                                   | -                                       | -                               | -                          | -                      | -          |
| Additions              | -                                   | 479,163                                 | -                               | -                          | -                      | 479,163    |
| Disposals              | -                                   | -                                       | -                               | -                          | -                      | -          |
| At 31 August 2013      | -                                   | 479,163                                 | -                               | -                          | -                      | 479,163    |
| <b>Depreciation</b>    |                                     |   |                                 |                            |                        |            |
| At 1 September 2012    | -                                   | -                                       | -                               | -                          | -                      | -          |
| Charged in year        | -                                   | -                                       | -                               | -                          | -                      | -          |
| Disposals              | -                                   | -                                       | -                               | -                          | -                      | -          |
| At 31 August 2013      | -                                   | -                                       | -                               | -                          | -                      | -          |
| <b>Net book values</b> |                                     |   |                                 |                            |                        |            |
| At 31 August 2013      | -                                   | 479,163                                 | -                               | -                          | -                      | 479,163    |
| At 31 August 2012      | -                                   | -                                       | -                               | -                          | -                      | -          |

**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**11 Debtors**

|                                | 2013<br>£     | 2012<br>£ |
|--------------------------------|---------------|-----------|
| Trade debtors                  | -             | -         |
| VAT Recoverable                | 13,606        | -         |
| Prepayments and accrued income | 14,332        | -         |
|                                | <u>27,938</u> | <u>-</u>  |

**12 Creditors amounts falling during within one year**

|                              | 2013<br>£      | 2012<br>£ |
|------------------------------|----------------|-----------|
| Other creditors              | 115,158        | -         |
| Accruals and deferred income | 4,000          | -         |
|                              | <u>119,158</u> | <u>-</u>  |



**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**13. Funds**

|                                     | Balance at<br>1 September<br>2012<br>£ | Incoming<br>Resources<br>£ | Resources<br>Expended<br>£ | Gains, Losses and<br>Transfers<br>£ | Balance at 31<br>August 2013<br>£ |
|-------------------------------------|--|----------------------------|----------------------------|-------------------------------------|-----------------------------------|
| <b>Restricted general funds</b>     |  |                            |                            |                                     |                                   |
| General Annual Grant (GAG)          | -                                      | -                          | -                          | -                                   | -                                 |
| Lead in Funding                     | -                                      | -                          | -                          | -                                   | -                                 |
| Start up Grant                      | -                                      | 300,000                    | (280,121)                  | -                                   | 19,879                            |
| Other DfE/EFA grants                | -                                      | -                          | -                          | -                                   | -                                 |
| Pension reserve                     | -                                      | -                          | -                          | -                                   | -                                 |
|                                     | -                                      | 300,000                    | (280,121)                  | -                                   | 19,879                            |
| <b>Restricted fixed asset funds</b> |  |                            |                            |                                     |                                   |
| DfE/EFA capital grants              | -                                      | -                          | -                          | -                                   | -                                 |
| Capital expenditure from GAG        | -                                      | -                          | -                          | -                                   | -                                 |
| Public sector capital sponsorship   | -                                      | 479,163                    | -                          | -                                   | 479,163                           |
|                                     | -                                      | 479,163                    | -                          | -                                   | 479,163                           |
| <b>Total restricted funds</b>       | -                                      | 779,163                    | (280,121)                  | -                                   | 499,042                           |
| <b>Unrestricted funds</b>           |  |                            |                            |                                     |                                   |
| General funds                       | -                                      | -                          | -                          | -                                   | -                                 |
| <b>Total unrestricted funds</b>     | -                                      | -                          | -                          | -                                   | -                                 |
| <b>Total funds</b>                  | -                                      | 779,163                    | (280,121)                  | -                                   | 499,042                           |

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

**Start Up Grant**

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of Start Up Grant that it could carry forward at 31 August 2013

**Restricted fixed asset funds**

This the fund related to the transfer value of the building in respect of the Southampton Studio School

**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**14 Analysis of Net Assets between Funds**

Fund balances at 31 August 2013 are represented by:

|                          | Unrestricted<br>Funds<br>£ | Restricted<br>General<br>Funds<br>£ | Restricted<br>Fixed Asset<br>Funds<br>£ | Total Funds<br>£ |
|--------------------------|----------------------------|-------------------------------------|---|------------------|
| Tangible fixed assets    | -                          | -                                   | 479,163                                 | 479,163          |
| Current assets           | -                          | 139,037                             | -                                       | 139,037          |
| Current liabilities      | -                          | (119,158)                           | -                                       | (119,158)        |
| Pension scheme liability | -                          | -                                   | -                                       | -                |
| <b>Total net assets</b>  | <b>-</b>                   | <b>19,879</b>                       | <b>479,163</b>                          | <b>499,042</b>   |

**15 Capital commitments**

|   | 2013<br>£ |
|---|-----------|
| Contracted for but not provided in the financial statements | -         |

**16 Financial commitments**

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows

|  | 2013<br>£ |
|--|-----------|
| <b>Land and buildings</b>                    |           |
| Expiring within one year                     | -         |
| Expiring within two and five years inclusive | -         |
| Expiring in over 5 years                     | -         |
| <b>Other</b>                                 |           |
| Expiring within one year                     | -         |
| Expiring within two and five years inclusive | -         |
| Expiring in over 5 years                     | -         |

**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**17 Reconciliation of net income to net cash inflow from operating activities**

|  | 2013<br>£             |
|--|-----------------------|
| Net income                                       | 499,042               |
| Capital grants from DfE and other capital income | (479,163)             |
| (Increase)/decrease in debtors                   | (27,938)              |
| (Decrease)/increase in creditors                 | 119,158               |
| <b>Net cash inflow from operating activities</b> | <b><u>111,099</u></b> |

**18 Capital expenditure and financial investment**

|   |                 |
|---|-----------------|
| Purchase of tangible fixed assets   | 479,163         |
| Capital funding received from sponsors and others                         | (479,163)       |
| <b>Net cash outflow from capital expenditure and financial investment</b> | <b><u>-</u></b> |

**19 Analysis of changes in Net Funds**

|                          | At 1 September<br>2012<br>£ | Cash<br>flows<br>£ | At 31<br>August 2013<br>£ |
|--------------------------|-----------------------------|--------------------|---------------------------|
| Cash in hand and at bank |                             | 111,099            | 111,099                   |
|                          | <u>-</u>                    | <u>111,099</u>     | <u>111,099</u>            |

**20 Contingent Liabilities**

There are no contingent liabilities at the balance sheet date

**21 Members' Liabilities**

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

**Inspire Academy Trust Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 August 2013**

**22 Pension and similar obligations**

**Introduction**

The academy's employee belongs to the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff which is a defined-benefit scheme

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme ("TPS") is a statutory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

**Valuation of the Teachers' Pension Scheme**

The Teachers' Pensions Regulations require an annual account, the Teachers' Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%) which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA") using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers are not fully covered by standard contributions to be paid in future and by the notional fund build up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 – 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75% and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5% which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement also introduced (effective for the first time for the 2008 valuation) a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8% depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

**INSPIRE ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2013**

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**22 Pension and similar obligations (Continued)**

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are therefore currently suspended. The Government however has set out a future process for determining the employer contribution rate under the new scheme and this process will involve a full actuarial valuation.

**Teachers Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include, a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010, the Government announced an average increase of 3.2 percentage points on the contribution rates of 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

**23 Related party transactions**

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

Southampton City College – a entity in which has significant control over Inspire Academy Trust. Transactions totalling £479,163 (2012: £Nil), relating to the donation of leasehold property from Southampton City College took place in the year. There were no amounts outstanding at 31 August 2013 (2012: £Nil).

**24 Events after the balance sheet date**

There were no post balance sheet date events to note.