

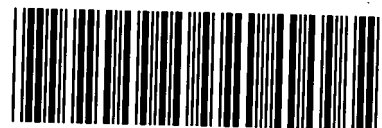
INSPIRE ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

Company Registration Number 07781921 (England and Wales)

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**INSPIRE ACADEMY TRUST
REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 AUGUST 2016**

Members	Southampton City College Chair of Southampton City College Principal of Southampton City College Chair of the IAT Directors
Trustees/ Directors	Richard Blackwell (Chair to 07 Dec 2015. Resigned 31 Dec 2015) Hanif Brora (Chair from 07 Dec 2015) Kevin George from 11 Feb 2016 Sue Leamore Malcolm Le Bas (resigned 17 Dec 2015) Brian Scott (resigned 20 January 2016) Sarah Stannard
Isle of Wight (IoW) School Local Governing Body	Brian Scott (Chair – IoW Studio School up to 20 January 2016) Kevin George (Chair – IoW Studio School from 20 January 2016) Carl Baker Sarah Stannard Sarah McCarthy-Fry Stephen Archer
Company Secretary	Lily Garth
Senior Management Team:	
• CEO / Accounting Officer	Sarah Stannard
• Head Teacher IoW Studio School	Richard White
• Finance Officer	Daniel Parker
Principal and Registered Office	Inspire Academy Trust c/o Southampton City College Chapel Road Southampton SO14 1AR
Company Registration Number	07781921 (England and Wales)
Independent Auditor	RSM UK Audit LLP Chartered Accountants Highfield Court Tollgate Chandlers Ford Hampshire SO53 3TY

**INSPIRE ACADEMY TRUST
REFERENCE AND ADMINISTRATIVE DETAILS (Continued)
YEAR ENDED 31 AUGUST 2016**

Bankers

Barclays
Wytham Court
11 West Way
Oxford
OX2 0JB

Solicitors

Dempster Binning
5 West Links
Tollgate
Chandlers Ford
Eastleigh
Hampshire S053 3TG

INSPIRE ACADEMY TRUST TRUSTEES' REPORT

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

During the 2015-2016 academic year, the Trust operated the Isle of Wight Studio School in East Cowes on the Isle of Wight which was in its second year of operation. It had a student capacity of 150 places and a combined roll of 132 in Year 10 and 11.

Structure, Governance and Management

Constitution

Inspire Academy Trust (IAT) 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 are also the Directors of the charitable company for the purpose of company law. The Inspire Academy Trust operates the Isle of Wight Studio School, which opened in September 2014.

Details of the trustees who served throughout the period are included in the Reference and Administrative Details on page 2 and 3.

Members' Liability

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

Trustees' Indemnities

The Trust has a Risk Protection Arrangement (RPA) with the Department for Education (DfE) and within that agreement, all trustees have unlimited employers' and professional insurance cover.

Methods of Recruitment and Appointment or Election of Trustees

The Trust Members appoint the Trustees who are recruited from the local communities to meet the skills and representation needs of the Trust and the communities it serves. Recruitment is via a variety of methods depending on the nature of the vacancy, including - but not limited to- advertisement and targeted searches.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new trustees and school governors will depend on their existing experience. Where necessary, induction provides training on charity and educational legal and financial matters. All new trustees are offered the opportunity of a tour of the school(s) and to meet with staff and students. All trustees are provided with copies of relevant policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their roles.

Organisational Structure

The Trust Directors, its Finance and Audit Committee, and the Local Governing Bodies of each of its schools meet separately at least once every academic term. The Chair of each School is also a Director and Trustee of the IAT. In 2015-2016, the Trust and its Committees (including the Local Governing Bodies) were supported by the Head Teacher of the Isle of Wight (IoW) Studio School and senior staff. Details of the rules relating to the number of directors, their eligibility, appointment, reappointment and removal/retirement are set out in

INSPIRE ACADEMY TRUST TRUSTEES' REPORT (Continued)

Organisational Structure (continued)

the Company's Articles of Association registered with Companies House.

Arrangements for settling pay and remuneration of key management personnel

The Directors determine the pay and remuneration of the Head Teacher. Since the CEO and Finance Officer are employed by Southampton City College, their pay is set by the sponsor organisation.

Related Parties and other Connected Charities and Organisations

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 on the Isle of Wight. The Trust is a subsidiary of Southampton City College.

The College, acting as sponsor, has contractual arrangements with the Trust for various support services. The Trust's CEO/Accounting Officer is also the College's CEO/Accounting Officer. There is an overlap in membership of the College Board and the Members and Directors of the Trust. Apart from the CEO, no other City College Board Member who is also Trust Director receives any remuneration from either the College or the Trust. The Clerk to Southampton City College is the Company Secretary of the Trust. The Trust's Finance Officer is also the Finance Manager of Southampton City College. There were no other known related party relationships in the period under review.

Objectives and Activities

Objects and Aims

The principal activity of the Trust is to advance for the public benefit, education in the UK, by establishing and developing a number of schools offering a broad curriculum.

Objectives, Strategies 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 (EFA) on behalf of the Charity Commission for England and Wales. The Trust's objects are to advance education for the public benefit. The trustees 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 trustees give careful consideration to the Charity Commission's general guidance on public benefit.

INSPIRE ACADEMY TRUST TRUSTEES' REPORT (Continued)

Strategic Report

Achievements and Performance

The IoW Studio School continues to flourish as the only 14-19 state school offer on the Isle of Wight. A good proportion of our learners have successfully completed academic, work and enrichment experiences far beyond those of others in local secondary schools. The greatest progress has been the significant change in employability skills, particularly around confidence and self-belief, as well as having a far clearer knowledge on the opportunities that exist in the local and national business scene, and importantly knowing what skills they have that best meet the opportunities that exist for them. A healthy recruitment of Year 10 students alongside the first Year 12 cohort has seen the school grow once more. The staff team has also expanded to 19 staff.

The principal source of finance for the Trust is grant funding from the EFA for the running of the IoW Studio School.

Key Performance Indicators (KPI's)

This was the second year of operation for the IoW Studio School. The key financial performance indicators were to operate a well-controlled budget and to ensure the successful establishment and performance of the school.

On review of these KPIs, the School generated a healthy operating surplus of 5% of revenue income due to robust management of its' finances throughout the year. The school has continued to grow and flourish. The academic achievements of its year 11 students have been good compared to other Studio Schools nationally and recruitment remains strong which is a positive measure of the confidence that parents have in its ability to educate and develop its students.

Going Concern

After making appropriate enquiries, the board of trustees has 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. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The Trust delivered a surplus on operating activities of £30k which reflects the good budgetary control that exists. Retained unrestricted reserves have grown to £51k to cover unforeseen expenditure and will be increased over the coming years to ensure that the Trust remains financially robust. The disposal value for the building and equipment formerly used by Southampton Studio School being transferred back to the sponsor is reflected in the financial statements, hence the significant negative movement of funds in the year. The underlying financial performance of the Trust is good.

Reserves Policy

The policy of the trustees is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the school(s) whilst ensuring that excessive funds are not accumulated and is reviewed annually. Over the next 5 years of operation, the trustees aim to have suitable reserves in order to meet essential school expenditure such as urgent maintenance and provision of working capital to cover unexpected costs that may arise. Through a combination of future government funding and financial support from sponsors, the trustees are satisfied that the Trust's reserves will be sufficient for these

INSPIRE ACADEMY TRUST TRUSTEES' REPORT (Continued)

Reserves Policy (continued)

purposes. At the end of the financial year, reserves available for this purpose is £51,000.

Investment Policy

The Trust seeks to maximise the use of the funds at its disposal by using a short term high interest deposit account with its' current bank to maximise the return on its' balances whilst retaining security of these funds at all times. Any alternative investments will be approved by the Trust Board before committing funds.

Principal Risks and Uncertainties

The principal risk is a lack of student applications to the IoW Studio School. This is being managed through active marketing and promotion of the school to possible students. Ensuring a good level of academic performance is a risk as the school is in its opening years. Progress is being monitored by the governing body and by the Department of Education through its support programme.

Plans for Future Periods

The Inspire Academy Trust will continue to build on its core philosophy of improving the education and opportunities for the young people of the Southampton region and the Isle of Wight. It will continue to develop and grow the academic success of the Isle of Wight Studio School and establish effective relationships with local education providers and businesses.

The priorities for the Trust will be to:

- Ensure that the curriculum offer continues to best suit the needs of the students which secures the attractiveness of the Isle of Wight Studio School as the option of choice.
- Create additional funding streams to support the learning experiences of our students.
- Explore options for external funding to extend the facilities / new build to accommodate the increasing numbers of students.
- Refine and further improve local business experiences which will generate greater investment in the Studio School model.

Statement as to disclosure to our auditors

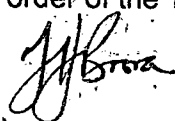
Insofar as the trustees are aware:

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

RSM UK Audit LLP is deemed to be reappointed to conduct audit services for the 2016/17 financial year.

Approved by order of the Trustees on 12 December 2016 and signed on their behalf by:

Hanif Brora
Chair



INSPIRE ACADEMY TRUST GOVERNANCE STATEMENT

Scope of Responsibility

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. 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 of trustees has delegated the day-to-day responsibility to the Chief Executive as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Inspire Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees Responsibilities. The board of trustees has formally met three times during the academic year. Attendance at those meetings up to 31. August 2016 was as follows:

Trustee	Meetings attended	Out of a possible
M. Le Bas (resigned 17 Dec 2015)	1	2
R. Blackwell (resigned 31 Dec 2015)	0	2
H. Brora	2	3
K George (appointed 11 Feb 2016)	1	1
S. Leamore	2	3
B. Scott (resigned 20 Jan 2016)	1	2
S. Stannard	3	3

The Trust has a Finance and Audit Committee. Its purpose is to provide assurance to the Board on financial and other internal controls. Due to the current size of the Trust and the number of Trustees, all Trustees serve on the Finance and Audit Committee. As the Trust matures its Finance and Audit Committee may comprise different members.

The Local Governing Body of the IoW Studio School is also a Trust Committee. The Chair of the IoW Studio School is a Trust Director. Further information about school governors can be found on the website for the IoW Studio School, or via contacting the Clerk to the School governing body.

INSPIRE ACADEMY TRUST GOVERNANCE STATEMENT (Continued)

Review of Value for Money

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

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

- robust governance and oversight of the Academy Trust finances
- ensuring the Trust demonstrates good value for money in procurement, and work is ongoing to test the cost of services against other providers in the marketplace to ensure prices remain competitive.

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 Limited for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

INSPIRE ACADEMY TRUST GOVERNANCE STATEMENT (Continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance 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.

The board of trustees has considered the need for a specific internal audit function. Currently the Trust receives its financial, IT, HR, procurement and estates management support services from Southampton City College and has recently had an independent peer review of its' academic performance and progress. In light of the fact that the College has a comprehensive internal audit function which covers the key control areas affecting the Trust, the trustees have decided that currently no additional internal audit function is required at present, however this matter will be kept under regular review.

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:

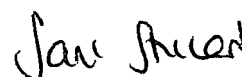
- the work of the finance manager;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 12 December 2016 and signed on its behalf by:



Hanif Brora
Chair



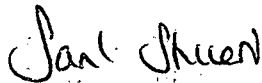
Sarah Stannard
Accounting Officer

INSPIRE ACADEMY TRUST
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Inspire Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency 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 2015.

I confirm that I and the academy trust board of trustees 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 2015.

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



Sarah Stannard
Accounting Officer

12 December 2016

INSPIRE ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who act as directors of Inspire Academy Trust Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published 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 state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 trustees on 12 December 2016 and signed on its behalf by:



Hanif Brora
Chair

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 2016 on pages 15 to 34. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies: Accounts Direction 2015/16 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 governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 12, 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/auditscopeukprivate>

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 2016 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 2015/16 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

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

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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RSM UK Audit LLP

Christopher Mantel (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Highfield Court

Tollgate

Chandlers Ford

Eastleigh

Hampshire

SO53 3TY

Date 19/12/16.

INSPIRE ACADEMY TRUST
Statement of Financial Activities for the year ended 31 August 2016
(Including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	-	-	-	-	1,028
Charitable activities:						
- Funding for the Academy trust's educational operations	3	-	953	-	953	1,299
Other trading activities	4	-	-	-	-	5
Investments	5	1	-	-	1	-
Total		1	953	-	954	2,332
Expenditure on:						
Raising funds		-	-	-	-	-
Charitable activities:						
- Academy trust educational operations	6	-	923	137	1,060	1,531
- Transfer of Southampton Studio School Building and Equipment	6	-	-	1,115	1,115	-
Other	7	-	-	-	-	34
Total		-	923	1,252	2,175	1,565
Net income / (expenditure)		1	30	(1,252)	(1,221)	767
Exceptional items						
EFA pension exit income		-	-	-	-	127
Pension exit costs		-	-	-	-	(75)
Net (outgoing)/incoming resources before transfers		1	30	(1,252)	(1,221)	819
Transfer between funds	14	-	(5)	5	-	-
Other recognised gains and losses:						
Actuarial (losses)/gains on defined benefit pension scheme	23	-	(22)	-	(22)	10
Net movement in funds		1	3	(1,247)	(1,243)	829
Reconciliation of funds						
Total funds brought forward		-	22	4,900	4,922	4,093
Total funds carried forward		1	25	3,653	3,679	4,922

All of the academy's activities derive from continuing operations during the above two financial periods.

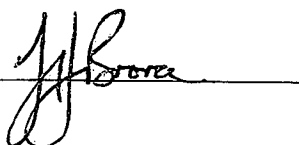
INSPIRE ACADEMY TRUST
Balance Sheet as at 31 August 2016

Company Number 07781921

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	11		3,653		4,900
Current assets					
Debtors	12	26		316	
Cash at bank and in hand		211		411	
		<u>238</u>		<u>727</u>	
Liabilities					
Creditors: amounts falling due within one year	13	187		575	
		<u>187</u>		<u>575</u>	
Net assets excluding pension liability			51		152
			<u>3,704</u>		<u>5,052</u>
Total net assets					
Defined benefit pension scheme liability	23		25		130
			<u>25</u>		<u>130</u>
Net assets including pension liability			<u>3,679</u>		<u>4,922</u>
Funds of the academy trust:					
Restricted funds					
- Fixed asset fund	14	3,653		4,900	
- General fund	14	50		152	
- Pension reserve	14	(25)		(130)	
		<u>3,678</u>		<u>4,922</u>	
Total restricted funds			3,678		4,922
Unrestricted income funds	14		1		-
			<u>1</u>		<u>-</u>
Total funds			<u>3,679</u>		<u>4,922</u>

The financial statements on pages 15 to 34 were approved by the trustees and authorised for issue on 12 December 2016 and are signed on their behalf by:

Hanif Brora
Chair



INSPIRE ACADEMY TRUST
Statement of Cash Flows
for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash (used in) provided by operating activities	17	(196)	210
Cash flows from investing activities	19	(4)	(18)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		<u>(200)</u>	<u>192</u>
Cash and cash equivalents at 1 September 2015		411	219
Cash and cash equivalents at 31 August 2016	20	<u>211</u>	<u>411</u>

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016

1. Statement of Accounting Policies - Inspire Academy Trust is a charitable company. The address of the Trust is given on page 2. The nature of Trusts operations are set in Trustees Report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006.

Inspire Academy Trust is public benefit entity under FRS102 and has therefore applied the relevant public benefit requirement of FRS 102. Inspire Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust. Monetary amounts in these financials statements are rounded to the nearest whole £1,000, except where otherwise indicated.

These financial statements are the first financial statements of Inspire Academy Trust prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable to UK and Republic of Ireland (FRS102). The financial statements of Inspire Academy Trust for the year ended 31 August 2016 was prepared in accordance with previous UK GAAP. There was no impact from the transition to FRS102 that affected the reported financial position and financial performance.

Going concern

The trustees assess whether the use of going concern is appropriate ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a-going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. After making appropriate enquiries, the Trustees have a reasonable expectation that Inspire Academy Trust has adequate resources to continue in operational existence in the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Income

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

Grants

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. 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 are no performance-related conditions), where the receipt is probable and the amount can be reliably measured.

Other income

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

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Donations

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

Donated goods, facilities and services

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, governors meetings and reimbursed expenses. Termination benefits are recognised immediately as an expense when the Academy Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold buildings -	50 years
Long Leasehold buildings -	50 years
Fixtures, fittings and equipment -	5 or 10 years straight line
Computer hardware -	3 years straight line
Motor vehicles -	5 years

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

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

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Liabilities

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

Provisions

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

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

Leased Assets

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

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

Short -term employment benefits (holiday pay)

Short term benefits can be defined as those benefits which can be settled before 12 months after the end of the reporting period in which the employee renders the service which includes holiday pay for time taken following the end of the financial year. Since the financial year is aligned to the time period that staff have their annual leave entitlement, and there is no leave carried forward into the following financial year, there are no short -term employment benefits to accrue in the financial statements.

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	-	-	969
Donated fixed assets	-	-	-	-
Other donations	-	-	-	59
	-	-	-	<u>1,028</u>

All income in 2015 from restricted funds.

3. Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE / EFA grants				
- General Annual Grant (GAG)	-	930	930	1,211
- Start Up Grants	-	-	-	-
- Other DfE/ EFA grants	-	20	20	74
	-	950	950	<u>1,285</u>
Other Government grants				
- Local authority grants	-	3	3	14
- Special educational projects	-	-	-	-
	-	3	3	<u>14</u>
Other income from the academy trust's educational operations	-	-	-	-
Total	-	953	953	<u>1,299</u>

All income in 2015 from restricted funds.

4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Provision of external teaching	-	-	-	5
	-	-	-	<u>5</u>

All income in 2015 from unrestricted funds.

5. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	1	0	1	0
	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

6. Expenditure

	Non Pay Expenditure				
	Staff costs	Premises	Other	Total	Total
	£000	£000	£000	2016	2015
				£000	£000
Expenditure on raising funds	-	-	-	-	-
Academy's educational operations:					
- Direct costs	387	63	178	627	960
- Allocated support costs	242	1,082	224	1,548	605
	<u>629</u>	<u>1,145</u>	<u>401</u>	<u>2,175</u>	<u>1,565</u>

Net income/ (expenditure) for the period includes:

	2016	2015
	£000	£000
Depreciation	137	230
Transfer of Southampton Studio School building and equipment to sponsor	1,115	-
Fees payable to auditor		
-audit	22	16
-other service	-	-
Operating lease rentals	1	-

7. Charitable Activities

	Total	Total
	2016	2015
	£000	£000
Direct costs - educational operations *	627	960
Support costs - educational operations	1,548	605
	<u>2,175</u>	<u>1,565</u>

Analysis of support costs:

	Total	Total
	2016	2015
	£000	£000
Support staff costs	242	396
Depreciation	66	89
Technology costs	23	3
Premises costs *	1,016	44
Other support costs	179	39
Governance costs	22	34
Total support costs	<u>1,548</u>	<u>605</u>

* Includes £990k (premises costs) and the balance of £125k (direct costs) resulting in a total of £1,115k being the disposal costs of transferring the building operated by Southampton Studio School back to the sponsor.

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

8. Staff costs

a. Staff costs

Staff costs during the period were:

	Total 2016 £000	Total 2015 £000
Wages and salaries	411	619
Social security costs	30	56
Operating costs of defined benefit pension schemes	92	81
	<u>533</u>	<u>756</u>
Supply staff costs	96	85
Staff restructuring costs	-	4
	<u>629</u>	<u>845</u>
Staff restructuring costs comprise:		
Redundancy payments	-	4
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>4</u>

b. Staff numbers

The average number of persons employed by the academy during the period was as follows:

	2016 No.	2015 No.
Teachers	7	10
Administration and support	3	6
Management	2	2
	<u>12</u>	<u>18</u>

c. Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	1	2

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £102,068 (2015: £102,535)

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

9. Related Party Transactions - Trustees' Remuneration and Expenses

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, or expenses, from the academy in respect of their role as trustees.

During the year ended 31 August 2016, travel and subsistence expenses totalled £nil (2015: £nil).

Other related party transactions involving the trustees are set out in note 24.

10. Trustees' and Officers' Insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £3,750 (2015: £3,750). The cost of this insurance is included in the total insurance cost.

11. Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 September 2015	4,686	178	320	-	5,184
Additions	5	-	-	-	5
Transfer	-	-	-	-	-
Disposals	(1,052)	(51)	(139)	-	(1,242)
At 31 August 2016	<u>3,639</u>	<u>127</u>	<u>181</u>	-	<u>3,947</u>
Depreciation					
At 1 September 2015	107	37	140	-	284
Charged in year	66	21	50	-	137
Transfer	-	-	-	-	-
Disposals	(44)	(10)	(73)	-	(127)
At 31 August 2016	<u>129</u>	<u>48</u>	<u>117</u>	-	<u>294</u>
Net book values					
At 31 August 2016	<u>3,510</u>	<u>79</u>	<u>64</u>	-	<u>3,653</u>
At 31 August 2015	<u>4,579</u>	<u>141</u>	<u>180</u>	-	<u>4,900</u>

The Inspire Enterprise Academy Southampton closed in August 2015. Although the Trust's sponsor, Southampton City College is still negotiating the lease cancellation of the building with the EFA. All related grant, depreciation costs and donated income from the sponsor to the Trust in respect of the building have been transferred to City College on recognition of the accounting principle of 'substance over form'.

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

12. Debtors

	2016	2015
	£000	£000
Trade debtors	7	8
VAT recoverable	4	4
Other debtors	0	281
Prepayments and accrued income	15	23
	<u>26</u>	<u>316</u>

13. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	10	5
Other taxation and social security	14	13
EFA creditor: abatement of GAG	85	476
* Other creditors	41	43
Accruals and deferred income	38	38
	<u>187</u>	<u>575</u>

* included within other creditors is £10,625 (2015: £10,625) of bursary funds provided by the EFA

Deferred income	2016	2015
	£000	£000
Deferred income at 1 September 2015	10	-
Released from previous year	(10)	-
Resources deferred in the year	12	10
Deferred Income at 31 August 2016	<u>12</u>	<u>10</u>

At the balance sheet date the academy trust was holding funds received in advance for Pupil Premium grant and the Capital Maintenance Fund payable for 2016/17.

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

14. Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	(23)	945	(920)	5	7
Start up Grant	48	-	-	(5)	43
Other grants	-	3	(3)	-	-
Pension reserve	(130)	-	(22)	127	(25)
Pension funds due from EFA	127	-	-	(127)	-
	22	948	(945)	-	25
Restricted fixed asset funds					
DfE/EFA capital grants	2,831	-	(767)	-	2,064
Capital expenditure from GAG	17	5	(1)	-	21
Public sector capital sponsorship	2,052	-	(484)	-	1,568
	4,900	5	(1,252)	-	3,653
Total restricted funds	4,922	953	(2,197)	-	3,678
Unrestricted funds					
General funds	-	1	-	-	1
Total unrestricted funds	-	1	-	-	1
Total funds	4,922	954	(2,197)	-	3,679

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

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit of the GAG that it could carry forward at 31 August 2016.

Start Up Grant

Start Up Grant - Under the funding agreement with the Secretary of State, Inspire Academy Trust was not subject to a limit on the amount of Start Up Grant that it could carry forward at 31 August 2016.

Other DfE/ EFA Grant & Exceptional Items

The EFA funded the pension deficit of £127,000 related to Southampton Studio School which was payable in 2014/15 was fully settled during the 2015/16 financial year.

Restricted fixed asset funds represent the grants received by the Academy Trust from EFA / DfE to fund capital expenditure

Public sector capital sponsorship

This is the fund related to the transfer value of the building in respect of the Isle of Wight Studio School and NBV of the Southampton Studio School.

Unrestricted funds

Represents the unrestricted funds which can be utilised by governors at their discretion to further the Academy Trust's objectives.

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

15. Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	3,653	3,653
Current assets	1	237	-	238
Current liabilities	-	(187)	-	(187)
Pension scheme liability	-	(25)	-	(25)
Total net assets	1	25	3,653	3,679

16. Commitments under operating leases

At 31 August 2016, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Amounts due within one year	6	-
Amounts due between one and five years	10	-
Amounts due after five years	-	-
	<u>16</u>	<u>-</u>

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

17. Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2016 £000	2015 £000
Net income / (expenditure) for the reporting period (as per the statements of financial activities)	(1,221)	819
Adjusted for:		
Depreciation (note 11)	137	230
Disposal of Southampton Studio School building and equipment	1,115	-
Capital grants from DfE and other capital income	-	(969)
Interest receivable	(1)	-
Defined benefit pension scheme obligation inherited	-	-
Defined benefit pension scheme cost less contributions payable (note 23)	(1)	84
(Increase)/decrease in stocks	-	-
(Increase)/decrease in debtors	163	53
(Decrease)/increase in creditors	(388)	(7)
Net Cash Inflow from Operating Activities	(196)	210

18. Cash flow from financing activities

	2016 £000	2015 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

19. Cash flows from investing activities

	2016 £000	2015 £000
Dividends, interest and rents from investments	1	-
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(5)	(987)
Capital grants from DfE / EFA	-	969
Capital funding received from sponsors and others	-	-
Net cash provided by / (used in) investing activities	(4)	(18)

20. Analysis of cash and cash equivalents

	At 31 August 2016 £000	At 31 August 2015 £000
Cash in hand and at bank	211	411
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	211	411

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

21. Contingent Liabilities

There are no contingent liabilities at the balance sheet date.

22. 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.

23. Pension and similar obligations

Introduction

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Isle of Wight Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £8,363 were payable to the schemes at 31 August 2016 (2015: £126,670) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations (2014). Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA") using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016

23. Pension and similar obligations (continued)

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £84,510 (2015: £89,595)

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

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

INSPIRE ACADEMY TRUST
Notes to the Financial Statements
for the year ended 31 August 2016 (continued)

23. Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £16,620 (2015: £37,070) of which employer's contributions totalled £13,218 (2015: £27,346) and employees' contributions totalled £3,402 (2015: £9,729). The agreed contribution rate for future years are 20 per cent for employers and between 5.5 per cent and 12.5 per cent for employees depending on salary.

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

Principal Actuarial Assumptions

	Isle of Wight Fund		Hampshire Fund	
	At 31 August 2016	At 31 August 2015	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	4.1%	4.6%	-	3.5%
Rate of increase for pensions in payment/ inflation	2.1%	2.7%	-	3.1%
Discount rate for scheme liabilities	2.1%	3.8%	-	3.8%
Inflation assumption (CPI)	2.1%	2.7%	-	2.0%
Commuation of pensions to lump sums	63.0%	63.0%	-	70.0%

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

	Isle of Wight Fund		Hampshire Fund	
	31 August 2016	31 August 2015	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>				
Males	22.4	22.4	-	24.5
Females	24.5	24.5	-	26.3
<i>Retiring in 20 years</i>				
Males	23.8	23.8	-	26.6
Females	26.7	26.7	-	28.6

	Isle of Wight Fund		Hampshire Fund	
	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	12	12	-	55
Debt instruments	5	5	-	23
Property	1	1	-	7
Total market value of assets	18	18	-	85

The actual return on scheme assets was £4,000 (2015: £nil for Isle of Wight Fund £40,000 for Hampshire Fund)

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	15	35
Net interest cost	-	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	15	35

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23. Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

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

	2016	2015
	£000	£000
At 1 September	158	120
Upon conversion	-	-
Current service cost	15	35
Interest cost	1	5
Employee contributions	3	10
Actuarial (gain) / loss	-	(12)
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	(113)	-
At 31 August	64	158

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

	2016	2015
	£000	£000
At 1 September	103	64
Upon conversion	-	-
Interest income	1	-
Return on plan assets (excluding net interest on the net defined pension liability)	4	4
Actuarial gain / (loss)	-	(2)
Employer contributions	13	27
Employee contributions	3	10
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	(85)	-
At 31 August	39	103

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24. Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. During the year the Trust paid £15,000 to City College for support services (including Finance, HR, Payroll, IT, Estate Mgmt and Procurement support). Inspire Academy Trust owed Southampton City College £499 (2015: £12,631) in respect of fees and charges incurred on its behalf.

In accordance with the terms of the lease between Southampton City College and the DfE, the buildings and equipment not transferred to the Isle of Wight Studio School, reverted back to the College upon closure of Southampton Studio School. This has resulted in a loss on disposal of £1,115,548.

25. Agency Arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16 - 19 Bursary Funds, on behalf of the EFA. In the year it received £nil and disbursed £nil. The Trust has a balance of £10,625 as at 31 August 2016 that were accumulated in prior years in respect of the former Inspire Enterprise Academy Southampton but will now be used to fund eligible students attending the Isle of Wight Studio School and is included in other creditors. (2015: £10,625)