

INSPIRE ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31st AUGUST 2019

Company Registration Number: 07781921
(England and Wales)



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**INSPIRE ACADEMY TRUST
REFERENCE AND ADMINISTRATIVE DETAILS YEAR ENDED 31st AUGUST 2019**

Members	Geraint Davies (Chair, Southampton City College) Sarah Stannard (Principal, Southampton City College) Hanif Brora (Chair of IAT Directors) Southampton City College
Trustees/Directors	Hanif Brora (Chair) Kevin George (Vice Chair) Sarah Stannard (CEO)
Isle of Wight Studio School (IoWSS) Local Governing Body	Kevin George (Chair) Stephen Archer Sarah McCarthy-Fry Sarah Stannard
Company Secretary	Lily Garth
Senior Management Team	Sarah Stannard (CEO/Accounting Officer) Richard Bryant (Finance Officer) Richard White (Headteacher, IoWSS)
Principal and Registered Office	Inspire Academy Trust Southampton City College Chapel Road Southampton SO14 1AR
Company Registration Number	07781921 (England and Wales)
Independent Auditor	James Cowper Kreston The White Building 1-4 Cumberland Place Southampton SO15 2NP
Bankers	Barclays Wytham Court 11 West Way Oxford OX2 0JB
Solicitors	Moore Blatch LLP Gateway House Tollgate Eastleigh Hampshire SO53 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 1st September 2018 to 31st August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law. The trust operated an academy for pupils aged between 14 and 19 serving the catchment area of the Isle of Wight. In the summer of 2017/18 it was agreed by the DfE that the school would close at the end of the 2018/19 academic year. The school had 50 on roll in its final year of 2018/19.

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 operated the Isle of Wight Studio School (IOW SS) in East Cowes, which opened in September 2014 and closed in August 2019.

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

Members' liability

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

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 recruit and appoint the Trustees 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 to tour the school and to meet with staff and students and have access to all relevant documents that they will need to undertake their roles. Training is regularly offered to trustees and governors throughout the year.

Organisational Structure

The Trust Directors, its Finance and Audit Committee, and the Local Governing Body of its school meet separately at least three times a year. The Chair of the School is also a Director and Trustee of the Inspire Academy Trust. In 2018-2019 the Trust and its Committees (including the Local Governing Body) were supported by the Head Teacher of the IOW SS and senior staff. Details of the rules relating to the number of directors, their eligibility, appointment, reappointment and removal/retirement are set out in the Articles of Association registered with Companies House.

INSPIRE ACADEMY TRUST TRUSTEES' REPORT

(Continued)

Arrangements for settling pay and remuneration of key management personnel

The arrangements for the setting of pay and remuneration are set out in the Trust's scheme of delegation and governance. 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.

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 a 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 Vice Principal of Finance and Resources 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 school 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 and Skills Funding Agency (ESFA) on behalf of the Charity Commission for England and Wales. The Trust's objectives are to advance education for the public benefit. The trustees are responsible for defining the strategic aims of the IoWSS and directing the activities of the CEO and Head Teacher 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.

Strategic Report

Closure

Due to the ongoing financial performance of the school and the inability to establish a viable sixth form group, the school applied to the Department for Education to close. Permission was granted and the school closed at the end of the academic year 2018/19.

Despite a healthy pipeline of prospective students wishing to enrol in September 2018, the school made the decision not take on any new students and to teach out the progressing Year 10 group through their Year 11 to summer 2019. In order to remain open under these circumstances the school applied to the DfE for additional funding for the period to July 2019 and for any closure related costs in August 2019. This funding was approved allowing the school to continue in operation during the 2018/19 academic year.

It was expected that the Funding Agreement for the school would be terminated by 31st August 2019, which would have had the effect of ending the Trust's lease with the DfE for the school building. However the DfE delayed signing the termination while they continued to explore

future options for the site. As a result the Trust still leased the building at year end but the DfE took over responsibility for the costs and running of the school building on 30th August 2019, releasing the Trust from ongoing operating costs.

As at 16th December 2019 the Department for Education had still not signed the Termination of Funding Agreement which would terminate the lease for the Isle of Wight school building.

Achievements and Performance

The IoW Studio School was the only 14-19 studio school offer on the Isle of Wight. A good proportion of learners successfully completed academic, work and enrichment experiences far beyond those of others in local secondary schools. The greatest progress was 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.

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

This was the fifth 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 an operating deficit of 54% of revenue income due to the low number of students being taught out in the final year of operation. Year 11 students were able to complete their GCSEs as planned, supported by the dedicated teaching team, who remained at the school through its final year. All students were able to progress to sixth forms, colleges or apprenticeships.

OFSTED

The school received its first OFSTED inspection in May 2018 and received an Overall Effectiveness grading of Requires Improvement.

Personal development, behaviour and welfare received a grading of Good, and it was noted that pupils are loyal to the school and appreciate the opportunities it offers particularly the wide range of enrichment activities.

All other categories received a rating of Requires Improvement and the report notes the lack of progress students make from their starting points along with variable expectation levels from teachers of what their pupils can achieve.

Going Concern

As the school closed in August 2019, the Trust will also close, and as such the accounts are not prepared on a going concern basis. Tangible Assets classified as Fixed last year have been classified Current Assets this year. No other amendments or restatement of the accounts in respect of going concern have been made.

Financial Review

The Trust delivered an operating deficit prior to depreciation of £47k, lower than was originally expected due to savings made on staffing throughout the year. Retained restricted reserves decreased to £30k which includes the Pension Liability of £223k.

Reserves Policy

Given the decision to close, the results for the year and the forecast for the coming year, there will be no retained restricted reserves held at time of closure.

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.

INSPIRE ACADEMY TRUST TRUSTEES' REPORT (Continued)

Principle Risks and Uncertainties

The principal risk to the Trust is that the Termination of Funding agreement is not signed off leaving the Trust responsible for the maintenance of the school building.

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 16th December 2019 and signed on their behalf by:



Hanif Brora
Chair

16th December 2019

INSPIRE ACADEMY TRUST GOVERNANCE STATEMENT

Scope of Responsibility

As trustees 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 five times during the academic year. Attendance at those meetings up to 31st August 2019 as follows:

Trustee possible	Meetings attended	Out of a possible
H. Brora	3	3
K. George	3	3
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.

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.

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.

INSPIRE ACADEMY TRUST GOVERNANCE STATEMENT

(Continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 1st September 2018 to 31st August 2019 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2018 to 31st August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and audit committee of reports which indicate financial performance against forecasts and of major purchase plans, capital works and expenditure plans;
- 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. In light of the fact that the College has a comprehensive internal audit function which covers the key control areas affecting the Trust, where no significant matters have arisen, the trustees have decided that currently no additional internal audit function is required at present, however this matter will be kept under regular review.

INSPIRE ACADEMY TRUST GOVERNANCE STATEMENT (Continued)

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.

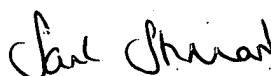
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

Approved by order of the members of the board of trustees on 16th December 2019

Signed on its behalf by:



Hanif Brora
Chair



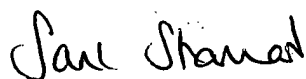
Sarah Stannard
Accounting Officer

**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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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 2018.

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 ESFA.



Sarah Stannard
Accounting Officer

16th December 2019

INSPIRE ACADEMY TRUST STATEMENT OF TRUSTEES RESPONSIBILITIES

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

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


- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 16th December 2019 and signed on its behalf by:



Hanif Brora
Chair

**INSPIRE ACADEMY TRUST
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRE ACADEMY TRUST
YEAR ENDED 31ST AUGUST 2019**

Opinion

We have audited the financial statements of Inspire Academy Trust (the 'academy') for the year ended 31st August 2019 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31st August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

**INSPIRE ACADEMY TRUST
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRE ACADEMY TRUST
YEAR ENDED 31ST AUGUST 2019
(Continued)**

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- 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; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the

academy or to cease operations, or have no realistic alternative but to do so.

**INSPIRE ACADEMY TRUST
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRE ACADEMY TRUST
YEAR ENDED 31 AUGUST 2019
(Continued)**

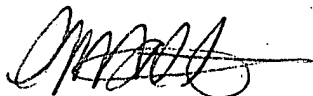
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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



Louise Hallsworth FCA (Senior Statutory Auditor)

For and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

9th Floor
The White Building
1-4 Cumberland Place
Southampton
Hampshire
SO15 2NP

Date 18.12.2019

INSPIRE ACADEMY TRUST
**Statement of Financial Activities for the year ended 31st August 2019
(including Income and Expenditure Account)**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Income and endowments from:						
Donations and Capital Grants	2	-	-	-	-	7
Charitable activities:						
- Funding for the Academy trust's educational operations	3	-	737	-	737	1,095
Total		-	737	-	737	1,102
Expenditure on:						
Charitable activities:						
- Academy trust educational operations	4	1	783	1,023	1,807	1,912
Total		1	783	1,023	1,807	1,912
Net (expenditure) before transfers		(1)	(46)	(1,023)	(1,070)	(810)
Transfers between funds		-	-	-	-	-
Net (expenditure)		(1)	(46)	(1,023)	(1,070)	(810)
Other recognised gains and losses:						
Actuarial (losses)/gains on defined benefit pension scheme	17	-	-	-	-	17
Cessation actuarial adjustment	17	-	(206)	-	(206)	-
Net movement in funds		(1)	(252)	(1,023)	(1,276)	(793)
Reconciliation of funds						
Total funds brought forward		1	282	2,504	2,787	3,580
Total funds carried forward		-	30	1,481	1,511	2,787

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

INSPIRE ACADEMY TRUST
BALANCE SHEET AS AT 31st AUGUST 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Tangible assets			
Current assets			
Tangible Assets	9	1,481	2,504
Debtors	10	1	19
Cash at bank and in hand		346	345
		<u>1,828</u>	<u>2,868</u>
Liabilities			
Creditors: amounts falling due within one year	11	(94)	(64)
Defined benefit pension scheme liability	17	(223)	
Net current assets excluding pension liability		<u>1,511</u>	<u>2,804</u>
Total assets less current liabilities		<u>1,511</u>	<u>2,804</u>
Defined benefit pension scheme liability	17		(17)
Net assets		<u>1,511</u>	<u>2,787</u>
Funds of the academy trust:			
Restricted funds			
- Fixed asset fund	12	1,481	2,504
- General fund	12	253	299
- Pension reserve	12	(223)	(17)
Total restricted funds		<u>1,511</u>	<u>2,786</u>
Unrestricted income funds	12		1
Total funds		<u>1,511</u>	<u>2,787</u>

The financial statements on from page 16 to 37 were approved by the trustees and authorised for issue on 16th December 2019 and are signed on their behalf by



Hanif Brora

Chair

INSPIRE ACADEMY TRUST
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st AUGUST 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	14	1	122
Change in cash and cash equivalents in the reporting period		<u>1</u>	<u>122</u>
Cash and cash equivalents at 1 st September 2018		345	223
Cash and cash equivalents at 31 st August 2019	15	<u>346</u>	<u>345</u>

INSPIRE ACADEMY TRUST

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

1. Statement of Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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 entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, 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.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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. Due to the closure of the IOW SS at the end of August 2019, the Inspire Academy Trust will not continue in operational existence, and for this reason it does not 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 Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when 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.

INSPIRE ACADEMY TRUST

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

(Continued)

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 it is receivable (where there are no performance-related conditions), where the receipt is probable and the amount can be reliably measured.

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

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

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.

INSPIRE ACADEMY TRUST

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

(Continued)

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 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	- 2 years
Long Leasehold buildings	- 50 years
Fixtures, fittings and equipment	- 2 years
Computer hardware	- 2 years

Following the decision to close the school in August 2019 and considering the age and potential resale value of the assets, the decision has been made that the useful economic life of all assets other than leasehold is now 2 years.

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

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

Liabilities

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

Provisions

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

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

INSPIRE ACADEMY TRUST

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

(Continued)

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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.

INSPIRE ACADEMY TRUST

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

(Continued)

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 10. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

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

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 judgment

Estimates and judgments 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 value of the Local Government Pension Scheme defined benefit liability included in the accounts has been determined on a cessation basis identifying the Trusts portion of the overall deficit that requires funding following the closure of the employer in the scheme. This liability was valued at £223,000.

INSPIRE ACADEMY TRUST

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

(Continued)

2. Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Capital Grants	-	-	-	7
Total	-	-	-	7

3. Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
DfE / ESFA grants				
General Annual Grant (GAG)	-	386	386	1,059
Start Up Grants	-	-	-	-
Other DfE/ ESFA grants	-	344	344	26
	-	730	730	1,085
Other Government grants				
Local authority grants	-	5	5	7
	-	5	5	7
Other income from the academy trust's educational operations	-	2	2	3
Total	-	737	737	1,095

*Under Other DfE/ESFA grants the academy has recognised an amount of £320,000 received from the ESFA in July and August 2019 in respect of funding for closure costs. Any amounts unspent upon the closure of Inspire Academy Trust are repayable to the ESFA.

INSPIRE ACADEMY TRUST

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

(Continued)

4. Expenditure

	Staff costs £000	Premises £000	Other £000	Total 2019 £000	Total 2018 £000
Academy's educational operations:					
Direct costs	431	-	47	478	538
Allocated support costs	140	1,066	123	1,329	1,374
	<u>571</u>	<u>1,066</u>	<u>170</u>	<u>1,807</u>	<u>1,912</u>

Net income/ (expenditure) for the period includes:

	2019 £000	2018 £000
Depreciation	1,023	1,023
Fees payable to auditor -audit	6	9

5. Charitable Activities

	Total 2019 £000	Total 2018 £000
Direct Costs - educational operations	478	538
Support costs - educational operations	1,329	1,374
	<u>1,807</u>	<u>1,912</u>

Analysis of support costs:

	Total 2019 £000	Total 2018 £000
Support staff costs	140	196
Depreciation	1,023	1,023
Technology costs	6	7
Premises costs	43	51
Other support costs	64	88
Closure costs	47	-
Governance costs	6	9
Total support costs	<u>1,329</u>	<u>1,374</u>

INSPIRE ACADEMY TRUST

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

(Continued)

6. Staff costs

a. Staff costs

Staff costs during the period were:

	Total 2019 £000	Total 2018 £000
Wages and salaries	392	423
Social security costs	38	41
Operating costs of defined benefit pension schemes	56	89
	<u>486</u>	<u>553</u>
Supply staff costs	14	60
Staff restructuring costs	71	-
	<u>571</u>	<u>612</u>
Exceptional Item		
Cessation defined benefit pension cost	206	-
	<u>777</u>	<u>612</u>
Staff restructuring costs comprise:		
Redundancy Payments	71	-
	<u>71</u>	<u>-</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £70,620 (2018: £nil).

Retention payments of £48,320 (2018: £nil) were made to 9 staff who were employed on 1st September 2018 and remained employed until at least 30th June 2019, to encourage them to remain with the school through to closure to support the students in achieving their qualifications.

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	6	7
Administration and support	3	3
Management	1	1
	<u>10</u>	<u>11</u>

INSPIRE ACADEMY TRUST

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

(Continued)

6. Staff costs (continued)

d. Higher paid staff

The number of higher paid staff whose employee benefits (excluding employer pension costs)

Exceeded £60,000 was:

	2019 No.	2018 No.
£80,001 - £90,000	-	1
£100,001 - £110,000	1	-

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, which includes employer pension contributions and national insurance, received by key management personnel for their services to the academy trust was £109,927 (2018: £89,230).

7. 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 31st August 2019, travel and subsistence expenses totaled £nil (2018: £nil). Other related party transactions involving the trustees are set out in note 18.

8. 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 31st August 2019 was £2,645 (2018: £3,775). The cost of this insurance is included in the total insurance cost.

INSPIRE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2019
(Continued)

9. Tangible Current Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost				
At 1 st September 2018	3,639	127	181	3,947
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 st August 2019	<u>3,639</u>	<u>127</u>	<u>181</u>	<u>3,947</u>
Depreciation				
At 1 st September 2018	1,177	95	171	1,443
Charged in year	981	32	10	1,023
Disposals	-	-	-	-
At 31 st August 2019	<u>2,158</u>	<u>127</u>	<u>181</u>	<u>2,466</u>
Net book values				
At 31 st August 2019	<u>1,481</u>	<u>-</u>	<u>-</u>	<u>1,481</u>
At 31 st August 2018	<u>2,461</u>	<u>33</u>	<u>10</u>	<u>2,504</u>

10. Debtors

	2019 £000	2018 £000
VAT recoverable	1	4
Prepayments and accrued income	-	15
	<u>1</u>	<u>19</u>

11. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	7	13
Other taxation and social security	-	11
Other Creditors	32	25
Accruals and deferred income	55	15
	<u>94</u>	<u>64</u>

* included within other creditors is £15,441 (2018: £15,441) of unspent bursary funds provided by the ESFA and £16,439 of unspent Devolved Capital Grant

INSPIRE ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2019
(Continued)
12. Funds

	Balance at 1 st Sept 2018 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st Aug 2019 £000
Restricted general funds					
General Annual Grant (GAG)	299	388	(686)	-	1
Pupil premium	-	19	(19)	-	-
Deficit funding	-	320	(68)	-	252
Other grants	-	8	(8)	-	-
Other income	-	2	(2)	-	-
Pension reserve	(17)	-	-	(206)	(223)
	282	737	(783)	(206)	30
Restricted fixed asset funds					
DfE/ESFA capital grants	987	-	(987)	-	-
Capital expenditure from GAG	7	-	(7)	-	-
Public sector capital sponsorship	1,510	-	(29)	-	1,481
	2,504	-	(1,023)	-	1,481
Total restricted funds	2,786	737	(1,806)	(206)	1,511
Unrestricted funds					
General funds	1	-	(1)	-	-
Total unrestricted funds	1	-	(1)	-	-
Total funds	2,787	737	(1,807)	(206)	1,511

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 31st August 2019.

INSPIRE ACADEMY TRUST

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

(Continued)

Funds prior year

	Balance at 1 st Sept 2017 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st Aug 2018 £000
Restricted general funds					
General Annual Grant (GAG)	19	1,059	(792)	13	299
Pupil premium	-	26	(26)	-	-
Startup Grant	43	-	(43)	-	-
Other grants	-	7	(7)	-	-
Other income	-	3	(3)	-	-
Pension reserve	(16)	-	(18)	17	(17)
	<u>46</u>	<u>1,095</u>	<u>(889)</u>	<u>30</u>	<u>282</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	1,980	7	(987)	(13)	987
Capital expenditure from GAG	14	-	(7)	-	7
Public sector capital sponsorship	1,539	-	(29)	-	1,510
	<u>3,533</u>	<u>7</u>	<u>(1,023)</u>	<u>(13)</u>	<u>2,504</u>
Total restricted funds	<u>3,579</u>	<u>1,102</u>	<u>(1,912)</u>	<u>17</u>	<u>2,786</u>
Unrestricted funds					
General funds	1	-	-	-	1
Total unrestricted funds	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total funds	<u>3,580</u>	<u>1,102</u>	<u>(1,912)</u>	<u>17</u>	<u>2,787</u>

INSPIRE ACADEMY TRUST

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

(Continued)

13. Analysis of Net Assets between Funds

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	1,481	1,481
Current assets	-	347	-	347
Current liabilities	-	(94)	-	(94)
Pension scheme liability	-	(223)	-	(223)
Total net assets	-	30	1,481	1,511

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	2,504	2,504
Current assets	1	363	-	364
Current liabilities	-	(64)	-	(64)
Pension scheme liability	-	(17)	-	(17)
Total net assets	1	282	2,504	2,787

14. Reconciliation of Net (Expenditure) to Net Cash Inflow from Operating Activities

	2019 £000	2018 £000
Net (expenditure) for the reporting period (as per the statements of financial activities)	(1,053)	(810)
Adjusted for:		
Depreciation (note 9)	1,023	1,023
Defined benefit pension scheme cost less contributions payable (note 17)	-	18
(Increase)/decrease in debtors	16	32
Increase/(Decrease) in creditors	15	(141)
Net Cash provided by Operating Activities	1	122

INSPIRE ACADEMY TRUST

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

(Continued)

15. Analysis of cash and cash equivalents

	At 31 st Aug 2019 £000	At 31 st August 2018 £000
Cash in hand and at bank	346	345
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	<u>346</u>	<u>345</u>

16. 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.

17. Pension and similar obligations

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 31st March 2016, however revised rates for contributions did not become effective until 1st September 2019. The last actuarial valuation for the LGPS was 31st March 2016.

There were no contributions amounting to the schemes at 31st August 2019 (2018: £8,613).

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations (2010) and, from 1st April 2014, by the Teachers' Pension Scheme Regulations (2010), and, from 1st April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1st 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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions

INSPIRE ACADEMY TRUST

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

(Continued)

about the value of future costs, design of benefits and many other factors. The last actuarial valuation of the TPS impacting the 2018/19 academic year was carried out as at 31st March 2016 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 9th June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS has been completed with increased rates taking effect from September 2019 and therefore having no impact on the Trust following the closure of the school.

The pension costs paid to TPS in the year amounted to £70,381 (2018: £87,901)

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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.

Local Government Pension Scheme

With the closure of the Studio School and the last employee leaving the scheme, the LGPS valuation for 31st August 2019 was carried out on a cessation basis and represents the value of additional funding the Trust needs to provide to pay for its share of the deficit. The notes below describe the valuation of the scheme as received from the Actuary Hymans Robertson.

Parliament agreed on 18th July 2013, 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 Trust has received funding from the Department for Education to pay the cessation funding of £223,000.

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2019 was £16,157 (2018: £20,805) of which employer's contributions totalled £12,199 (2018: £15,866) and employees' contributions totalled £3,958 (2018: £3,988).

INSPIRE ACADEMY TRUST

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

(Continued)

Isle of Wight Fund

Principal Actuarial Assumptions	At 31 st Aug 2019	At 31 st Aug 2018
Rate of increase in salaries	2.7%	2.7%
Rate of increase for pensions in payment/inflation	2.3%	2.3%
Discount rate for scheme liabilities	1.3%	2.8%
Inflation assumption (CPI)	2.3%	2.3%

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

	31st Aug 2019	31st Aug 2018
<i>Retiring today</i>		
Males	23.3	22.3
Females	25.7	24.7
<i>Retiring in 20 years</i>		
Males	25.6	23.9
Female	27.4	26.5

Cessation Valuation

	Cessation Valuation at 31 st August 2019	Scheme Valuation at 31 st March 2016
Membership Numbers		
Active	-	3
Deferred	7	1
Pensioner	2	-
Payroll/ pensions (p.a.) (£'000)		
Actual Pay	-	59
Accrued 60ths pension	-	3
Accrued CARE pot	-	1
Deferred Pensions	10	1
Pensions in payment	1	-
Average Age (years)		
Active (Final Salary)	-	42
Active (CARE)	-	42
Deferred	42	35
Pensioner	63	-

INSPIRE ACADEMY TRUST

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

(Continued)

Cashflows from previous valuation to cessation date

**Actual 1st
April 2016 to
31st July
2019
£000**

Employer Contributions
Employee Contributions
Pensions
Lump Sums
Other Net Transactions

47
14
-
-
33

**Investment returns from previous valuation to
cessation date**

Actual returns from 1 April 2016 to 30 June 2019
Estimated returns from 1 July 2019 to 31 July 2019
Total return to cessation date

34.3%
3.3%
38.7%

Funding Position

**Cessation
Valuation at
31st August
2019
£000**

**Scheme
Valuation at
31st March
2016
£000**

Liabilities

Active
Deferred
Pensioner

-
362
48

47
1
-

Total Liabilities

410

48

Assets

187

55

(Deficit)/ Surplus

(223)

8

**Reconciliation between funding position as at the
cessation date and as at the previous valuation date**

£000

Surplus/ (deficit) as at 31 March 2016
Interest on surplus/ (deficit)
Investment outperformance
Contributions greater than cost of accrual
Change in market conditions
Move to cessation funding assumptions
Membership experience
Surplus/ (deficit) at cessation date

8
1
23
4
(59)
(190)
(10)
(223)

*Membership experience includes changes to membership not in line with the assumptions made for the previous formal valuation of the fund

INSPIRE ACADEMY TRUST

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

(Continued)

	£000
Scheme deficit at 1 st September 2018	(17)
Movement charged to Statement of Financial Activities	(206)
Scheme deficit at cessation date	<u>(223)</u>

Prior year notes on the LGPS pension

	Fair value at 31st August 2018 £000
Equity instruments	36
Debt instruments	13
Property	3
Cash	-
Total market value of assets	<u>39</u>

The actual gain on scheme assets during 2018 was £2,000

	2018 £000
Current service cost (net of employee contributions)	34
	<u>34</u>

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

	2018 £000
At 1 September	69
Current service cost	34
Interest cost	2
Employee contributions	5
Plan introductions, benefit changes, curtailments and settlements	(15)
At 31 st August	<u>95</u>

INSPIRE ACADEMY TRUST

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

(Continued)

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

	2018 £000
At 1 September	53
Interest income	2
Return on plan assets (excluding net interest on the net defined pension liability)	2
Employer contributions	16
Employee contributions	5
Plan introductions, benefit changes, curtailments and settlements	-
At 31 st August	<u>78</u>

18. 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. During the year the Trust paid £25,000 (2018: £25,000) to City College for support services (including Finance, HR, Payroll, IT, Estate Management and Procurement support). An amount of £20,000 has been accrued for support services from City College Inspire Academy Trust owed Southampton City College £182 (2018: £707) in respect of fees and charges incurred on its behalf. During the year Inspire Academy Trust reimbursed Southampton City College £3,704 for costs incurred on its behalf.

19. Agency Arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFSA. In the year it received £nil (2018: £4,828) and disbursed £nil (2018: £nil). The Trust has a balance of £15,441 as at 31st August 2019 that was 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. (2018: £15,441).

20. Events after the end of the reporting period

As at 16th December 2019 the Department for Education had not signed the Termination of Funding Agreement which would terminate the lease for the Isle of Wight school building. As a result the Inspire Academy Trust still owns the Leasehold Assets, however the Department for Education assumed the running and expense of the building from 30th August 2019.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO INSPIRE ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 4 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Inspire Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Inspire Academy Trust's funding agreement with the Secretary of State for Education dated December 2014, and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

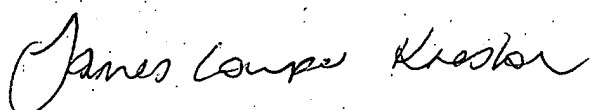
A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO INSPIRE
ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY
(Continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Louise Hallsworth FCA (Reporting Accountant)

For and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

9th Floor
The White Building
1-4 Cumberland Place
Southampton
Hampshire
SO15 2NP

Date 18.12.2019