

INSPIRA CUMBRIA LIMITED

FINANCIAL STATEMENTS

31 MARCH 2018

(A company limited by guarantee)

SATURDAY



A14 *A7E2E75F* 08/09/2018 #191
COMPANIES HOUSE

ArmstrongWatson[®]
Accountants, Business & Financial Advisers

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

COMPANY INFORMATION

Directors

Mr M Bowman
Mr P Irving
Mr S Lyon (resigned 8 January 2018)
Mr S Balmer
Mr J M Graham (resigned 22 February 2018)
Miss E Flowers
Mr N Pattinson
Mrs J L Wilding
Mr G Beveridge

Company secretary

Mr D Emerson

Registered number

04182567

Registered office

Gillan Way
Penrith 40 Business Park
Penrith
Cumbria
CA11 9BP

Independent auditors

Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

Bankers

HSBC Plc
PO Box 5
29 English Street
Carlisle
Cumbria
CA3 8JT

Solicitors

Burnetts Solicitors
6 Victoria Place
Carlisle
Cumbria
CA1 1ES

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 23
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account and summaries	25 - 28

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

We are Inspira, a leading career management and personal development organisation operating in the North West of England. Our mission is to empower young people and adults with the skills and confidence they need to reach their potential in life and work.

We partner with and work on behalf of many organisations across the North West to manage and deliver comprehensive programmes which produce results. Our programmes enable people to get back into work, shore up skills shortages, prepare young people for life after school and connect educational institutions with business to drive careers guidance from those in the know.

We build strong and enduring partnerships with educational institutions, the private sector, third sector organisations, and local and national government.

We are experienced in providing inspiring and powerful programmes to dynamically change an individual's life so that they are supported as they broaden their horizons, and reach to achieve their potential.

Commentary on the Company's operations for the period April 2017 to March 2018

Despite a challenging operational and financial environment, the Directors are pleased to report on a year that ended positively for the Company.

As the world changes, we know young people as well as adults need to be prepared for the world of work, resilient in character and motivated. Our programmes help them to achieve by successfully combining personal development activities with practical career management techniques.

We work to invest in the young people of our future or help reduce unemployment numbers in targeted areas. Our contract management teams are experienced, creative and results driven, ensuring a return on investment for society as a whole.

Our Key programmes are:

National Citizen Service - A personal development programme for 15-17 year old to provide exhilarating challenges and help young people make their mark and build skills for work and life.

National Careers Service – Careers Information, Advice and Guidance aimed mainly at adults, in particular those who are unemployed.

Support and tracking services for Local Authorities – helping Local Authorities keep in touch with young people and making sure that they are participating in Education, Employment and Training.

Launch Pad – Supporting and preparing 15-19 year olds at risk of becoming Not in Education, Employment or Training (NEET)

The Key – Improving the skills of unemployed adults to compete effectively in the labour market.

Employer mentoring – Empowering and Supporting pre-GCSE teens with the help of local employers to achieve their potential in life and work.

Enterprise Adviser Networks – Creating meaningful encounters with the world of work for young people.

Ready for Work – Helping employers build employability skills in their future workforce.

Independent Support – Providing additional support for parent and families with young people with Special Educational Needs and Disabilities (SEND).

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The Company delivers these programmes through a range of contract and grants. Each will have its own targets and performance indicators agreed with the commissioner. Our major funders and commissioners include; National Citizen Service Trust (NCST), Cumbria County Council, Lancashire County Council, Education Skills Funding Agency (ESFA), Council for Disabled Children, Cumbria Local Enterprise Partnership, Lancashire Local Enterprise Partnership, The Careers and Enterprise Company and local community foundations.

The directors are pleased with the impact that the company has on the communities it works with. We know that each person we work with will have a unique journey. We are committed to growing both our programme and geographical base so that we can help more people reach their potential and achieve success in work, life and society.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Directors

The directors who served during the year were:

Mr M Bowman
Mr P Irving
Mr S Lyon (resigned 8 January 2018)
Mr S Balmer
Mr J M Graham (resigned 22 February 2018)
Miss E Flowers
Mr N Pattinson
Mrs J L Wilding
Mr G Beveridge

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

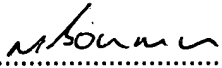
Auditors

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


.....
Mr M Bowman
Director
Date: 1/8/18

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRA CUMBRIA LIMITED

Opinion

We have audited the financial statements of Inspira Cumbria Limited (the 'company') for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity 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 and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRA CUMBRIA LIMITED (CONTINUED)

Other information

The directors 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.

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 matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRA CUMBRIA LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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 company'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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Armstrong Watson Audit Limited

Joanna Gray (Senior statutory auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants
Statutory Auditors
Carlisle
Date: 20-8-18

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover		9,501,513	8,567,826
Gross profit		9,501,513	8,567,826
Administrative expenses		(9,356,947)	(8,945,913)
Exceptional administrative expenses		(106,000)	-
Operating profit/(loss)		38,566	(378,087)
Interest receivable and similar income		-	1,346
Interest payable and expenses		(9,260)	(9,938)
Other finance income		(60,000)	(40,000)
Loss before tax		(30,694)	(426,679)
Tax on loss		(5,561)	(6,864)
Loss for the financial year		(36,255)	(433,543)
Other comprehensive income for the year			
Actuarial gains/(losses) on defined benefit pension scheme		1,036,000	(1,119,000)
Other comprehensive income for the year		1,036,000	(1,119,000)
Total comprehensive income for the year		999,745	(1,552,543)

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 10 to 23 form part of these financial statements.


INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 04182567

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	6	602,490	689,935
Investment property	7	350,000	350,000
		<u>952,490</u>	<u>1,039,935</u>
Current assets			
Debtors: amounts falling due within one year	8	978,096	776,629
Cash at bank and in hand		329,972	563,643
		<u>1,308,068</u>	<u>1,340,272</u>
Creditors: amounts falling due within one year	9	(1,315,517)	(1,422,166)
Net current liabilities		<u>(7,449)</u>	<u>(81,894)</u>
Total assets less current liabilities		<u>945,041</u>	<u>958,041</u>
Creditors: amounts falling due after more than one year	10	(293,611)	(317,356)
Provisions for liabilities			
Other provisions		(106,000)	-
		<u>(106,000)</u>	<u>-</u>
Pension liability		(1,277,000)	(2,372,000)
Net liabilities		<u>(731,570)</u>	<u>(1,731,315)</u>
Capital and reserves			
Profit and loss account		(731,570)	(1,731,315)
		<u>(731,570)</u>	<u>(1,731,315)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
Mr M Bowman
Director
Date: 1.8.18

The notes on pages 10 to 23 form part of these financial statements.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Profit and loss account £	Total equity £
At 1 April 2017	(1,731,315)	(1,731,315)
Loss for the year	(36,255)	(36,255)
Actuarial gains on pension scheme	1,036,000	1,036,000
At 31 March 2018	(731,570)	(731,570)

The notes on pages 10 to 23 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Profit and loss account £	Total equity £
At 1 April 2016	(178,772)	(178,772)
Loss for the year	(433,543)	(433,543)
Actuarial losses on pension scheme	(1,119,000)	(1,119,000)
At 31 March 2017	(1,731,315)	(1,731,315)

The notes on pages 10 to 23 form part of these financial statements.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Inspira Cumbria Limited ('the Company') is a company limited by guarantee incorporated in the United Kingdom. The address of its registered office and principal place of business is Unit 2 Gillan Way, Penrith 40 Business Park, Penrith, Cumbria, CA11 9BP.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

Note 12 to the financial statements shows a deficiency in the company's defined benefit pension scheme of £1.277 million (2017: £2.372 million). The pension deficit has decreased by £1.095 million during the year. The deficit is being addressed by increased levels of company contributions for future years. The scheme has also transferred the majority of members to a defined contribution scheme leaving only one active member in the defined benefit scheme. While there can be no certainty regarding such matters the directors are of the opinion that this change in the scheme membership along with future levels of contributions and future upturns in financials markets will eventually liquidate the deficit. The present level of the company's resources is adequate to meet any increased liability in the short term. The directors will continue to monitor the deficit position.

The directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available to them. On this basis, they consider that it is appropriate to prepare financial statements on a going concern basis. This assumes that the company will have sufficient resources to fund any increase in pension scheme contributions which might arise in the future and consequently the financial statements do not include any adjustments that would result if this proved not to be the case.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.8 Pensions

Defined benefit pension plan

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.9 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.11 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 40 years
Leasehold improvements	- in line with the lease term
Computers	- 3 years
Equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.12 Investment property

Investment property is carried at fair value determined by external valuers in 2014 and reviewed by the directors annually. The value is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Auditors' remuneration

	2018 £	Restated 2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>6,650</u>	<u>6,800</u>

4. Employees

The average monthly number of employees, including directors, during the year was 130 (2017 - 120).

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

5. Exceptional items

	2018 £	2017 £
Potential irrecoverable VAT in respect of partial exemption case	106,000	-
	<u>106,000</u>	<u>-</u>

6. Tangible fixed assets

	Freehold property £	Leasehold Improv'ts £	Computer £	Equipment £	Total £
Cost or valuation					
At 1 April 2017	433,951	211,620	638,514	73,381	1,357,466
Additions	-	2,147	17,652	1,355	21,154
At 31 March 2018	<u>433,951</u>	<u>213,767</u>	<u>656,166</u>	<u>74,736</u>	<u>1,378,620</u>
Depreciation					
At 1 April 2017	23,205	141,165	448,390	54,773	667,533
Charge for the year on owned assets	10,840	8,859	80,015	8,883	108,597
At 31 March 2018	<u>34,045</u>	<u>150,024</u>	<u>528,405</u>	<u>63,656</u>	<u>776,130</u>
Net book value					
At 31 March 2018	<u>399,906</u>	<u>63,743</u>	<u>127,761</u>	<u>11,080</u>	<u>602,490</u>
At 31 March 2017	<u>410,746</u>	<u>70,455</u>	<u>190,124</u>	<u>18,608</u>	<u>689,933</u>

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. Investment property

	Freehold investment property £
Valuation	
At 1 April 2017	350,000
At 31 March 2018	350,000

The valuations were made on 06 November 2014 by Hyde Harrington on an open market value for existing use basis. In the directors' opinion the current value does not materially differ at the balance sheet date.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2018 £	2017 £
Historic cost	433,951	433,951
Accumulated depreciation and impairments	(83,951)	(83,951)
	350,000	350,000

8. Debtors

	2018 £	2017 £
Trade debtors	215,306	238,408
Other debtors	541,342	424,663
Prepayments and accrued income	221,448	113,558
	978,096	776,629

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans	23,067	22,389
Trade creditors	613,895	337,253
Corporation tax	5,561	6,864
Other taxation and social security	110,734	93,379
Other creditors	31,761	19,359
Accruals and deferred income	530,499	942,922
	<u>1,315,517</u>	<u>1,422,166</u>

Restricted funds

Included in creditors in the prior year was £3,100 received from Children in Need which was restricted for future charitable purposes. All of this amount was expended during the current year.

Secured loans

Bank loans falling due within one year of £23,067 (2017 - £22,389) are secured the following:

A fixed charge over all present freehold, leasehold and investment property. This comprises a fixed charge over book and other debts, chattels, goodwill, and uncalled capital, both present and future and a floating charge over all assets and undertakings both present and future.

There is also a first legal charge over freehold property known as Unit 2, Gillan Way, Penrith 40 Business Park, Penrith, CA11 9BP.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Bank loans	293,611	317,356
	<u>293,611</u>	<u>317,356</u>

Secured loans

Bank loans falling due after more than one year of £293,611 (2017 - £317,356) are secured the following:

A fixed charge over all present freehold, leasehold and investment property. This comprises a fixed charge over book and other debts, chattels, goodwill, and uncalled capital, both present and future and a floating charge over all assets and undertakings both present and future.

There is also a first legal charge over freehold property known as Unit 2, Gillan Way, Penrith 40 Business Park, Penrith, CA11 9BP.

11. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	23,067	22,389
	<u>23,067</u>	<u>22,389</u>
Amounts falling due 1-2 years		
Bank loans	50,486	57,074
	<u>50,486</u>	<u>57,074</u>
Amounts falling due 2-5 years		
Bank loans	68,770	88,792
	<u>68,770</u>	<u>88,792</u>
Amounts falling due after more than 5 years		
Bank loans	174,355	171,490
	<u>174,355</u>	<u>171,490</u>
	<u>316,678</u>	<u>339,745</u>

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. Provisions

Potential irrecoverable VAT in respect of partial exemption case (see note 14).

	VAT £	Total £
Charged to profit or loss	106,000	106,000
At 31 March 2018	106,000	106,000

13. Company status

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

14. Contingent liabilities

The company has a case ongoing with HMRC considering the partial exemption rules for years 2014/15, 2015/16 and 2016/17. The calculation method applied was provided by HMRC and the company is taking specialist advice on this matter. Whilst the company will continue to defend its position and it does not agree with the £226k assessment raised by HMRC, as there is some ambiguity over the later years 2015/16 and 2016/17 the directors consider it prudent to provide for £106k of the potential liability from these later years. The advice to the company is that they have a strong case regarding the 2014/15 year which accounts for £120k of the liability and have therefore not provided for this amount.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Pension commitments

The company operates a defined contribution scheme for employees. The pension cost charge for the year amounted to £238,060 (2017 - £42,707) and outstanding contributions at the balance sheet date amounted to £25,914 (2017 - £19,360).

The company operates a defined benefit pension scheme. The pension cost charge for the year amounted to £241,362 and outstanding contributions relating to this scheme were £2,643 (2017 - £Nil) at the balance sheet date.

The company also contributes to a Teacher's Pension Scheme (TPS) for certain employees. The pension cost charge for the year amounted to £2,497 (2017 - £9,987) and outstanding contributions at the balance sheet date amounted to £350 (2017 - £Nil).

The company contributes to the Greater Manchester Pension Fund (a Local Government Pension Scheme) on behalf of its employees to provide benefits based on final pensionable pay. Contributions are charged to the statement of comprehensive income so as to spread the cost of pensions over the employee's working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent actuarial valuation has been undertaken as at 31 March 2018 by an appropriately qualified actuary who are also regulated by the FCA. A salary increase of 0.1% on current employee salaries is expected in future years.

Reconciliation of present value of plan liabilities:

	2018 £	2017 £
At the beginning of the year	29,731,000	23,803,000
Current service cost	122,000	360,000
Interest income	767,000	832,000
Actuarial gains/losses	(916,000)	5,119,000
Contributions	32,000	109,000
Benefits paid	(544,000)	(492,000)
At the end of the year	29,192,000	29,731,000

Reconciliation of present value of plan assets:

	2018 £	2017 £
At the beginning of the year	27,359,000	22,703,000
Interest income	707,000	792,000
Actuarial gains/losses	120,000	4,000,000
Contributions	273,000	356,000
Benefits paid	(544,000)	(492,000)
At the end of the year	27,915,000	27,359,000

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Pension commitments (continued)

	2018 £	2017 £
Fair value of plan assets	27,915,000	27,359,000
Present value of plan liabilities	(29,192,000)	(29,731,000)
Net pension scheme liability	<u>(1,277,000)</u>	<u>(2,372,000)</u>

The amounts recognised in profit or loss are as follows:

	2018 £	2017 £
Current service cost	(122,000)	(360,000)
Interest on obligation	(60,000)	(40,000)
Total	<u>(182,000)</u>	<u>(400,000)</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £1,036,000 gain (2017 - £2,239,000 loss).

The company expects to contribute £158,484 to its defined benefit pension scheme in 2018-2019.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Pension commitments (continued)

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2018	2017
	%	%
Discount rate	2.7	2.6
Future salary increases	0.1	0.1
Future pension increases	2.1	2.1
Mortality rates		
- for a male aged 65 now	20.7	20.9
- at 65 for a male aged 45 now	22.2	22.4
- for a female aged 65 now	23.5	23.6
- at 65 for a female member aged 45 now	25.2	25.3

16. Commitments under operating leases

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Not later than 1 year	89,218	104,218
Later than 1 year and not later than 5 years	125,333	252,333
	214,551	356,551