

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

ArmstrongWatson[®]
Accountants, Business & Financial Advisers



INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

Trustees	Mark Bowman, Chief Executive Sean Lee Balmer, Trustee Derick Neil Pattinson, Trustee George David Beveridge, Chairman Elaine Flowers, Trustee Jane Louise Wilding, Trustee Ruth Michelle Harrison-Palmer, Trustee Samuel John Lyon (appointed 27 November 2020)
Company registered number	04182567
Charity registered number	1179502
Registered office	Gillan Way Penrith 40 Business Park Penrith Cumbria CA11 9BP
Company secretary	David Brian Emerson
Chief executive officer	Mark Bowman
Independent auditors	Armstrong Watson Audit Limited Statutory Auditors Carlisle Cumbria CA1 1HP

INSPIRA CUMBRIA LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their annual report together with the audited financial statements of the Inspira Cumbria Limited for the year 1 April 2020 to 31 March 2021. The annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the charity qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

INTRODUCTION FROM THE CHAIR AND CHIEF EXECUTIVE

2020/21 has been an incredibly challenging year. Much of the year has seen the charity operate under national lockdown restrictions with limitations on how and where we are able to deliver our services. Although we have seen a reduction in overall income the trustees and management team have steered the charity through a successful year.

Despite the challenging operating environment we have remained resilient and the demand for our work has been high. The uncertain labour market has meant that careers advice and employability programmes have never been more relevant. We have been flexible in how we have supported our beneficiaries, offering support digitally, across a range of platforms, as well as in person. It is challenging but it's worked. We have worked with a range of people and employers in a range of settings such as schools, job centres and community groups. Our personal development programmes have been popular and contributed to both individual and community resilience.

The team that makes up Inspira have been fantastic. We have been able to maintain the core staffing despite income being reduced. They have worked incredibly hard to meet the needs of the people they work with and the communities that they work in. All have embraced the "hybrid" working patterns that have been established and have helped the charity not only deliver existing work but win new work in new and existing areas.

Every year, on behalf of the trustees, a full staff survey is carried out. The trustees are delighted that the most recent survey (December 2020) showed positive results including 99% of staff taking pride in belonging to the charity and 100% saying that the Charity's response to Covid was good.

The trustees are proud of the activities carried out and the review of activities provides a detailed account of how we are meeting our charitable objectives. In 2020/21 we have continued to develop our delivery in Cumbria, Lancashire, Blackpool, Northumberland and Newcastle. We are delighted that 2021/22 is seeing significant growth in our delivery across these areas.

The major contracts that have contributed to our charitable objectives this year include:

- Targeted Careers Information, Advice and Guidance (Cumbria)
- National Citizen Service (Cumbria, Lancashire, Blackpool, Blackburn, Northumberland, Newcastle)
- National Careers Service (Cumbria, Lancashire Blackpool)
- Skills Support for the Unemployed (Cumbria)
- Careers Hub and Enterprise Adviser Network (Lancashire, Blackpool, Blackburn)
- The Link (Cumbria)

We also continue to be funded by a host of schools, employers and community funds to deliver a range of bespoke programmes.

We will continue to be bold when looking for new work and new areas to work. 2021/22 will see a major expansion in the delivery of our Employability work, we are looking forward to the challenge.

George Beveridge – Chair

Mark Bowman – Chief Executive

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Objectives and activities

a. Policies and objectives

Mission and Vision

Inspira works to connect people with education and employers.

Our mission is to empower young people and adults to help them reach their potential in life, work and society.

Our Values are

- Be Bold
- Be Resilient
- Be Relevant
- Show Respect
- Show Integrity

Our Objects

The Charity's objects are restricted specifically (in each case, only for the public benefit) to the following:

- To relieve unemployment in such ways as may be thought fit including assistance to find employment
- To help young people and adults advance in life through providing support and activities which develop their skills, capabilities and capacities to enable them to participate in something as mature and responsible individuals
- To promote social inclusion by preventing people from being or becoming socially excluded, helping people who are usually excluded and assisting them to integrate into society. ("Socially excluded" means being excluded from society or parts of society as a result of unemployment, financial hardship, age, unlawful discrimination or poor educational or skills attainment).
- To advance education of people in such way as thought fit, including preparation for entry to any occupation, trade or profession
- To promote equality and diversity

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Strategies for achieving objectives

The Trustees have agreed a strategic planning framework based on the following principles:

- Size of charity
- What we deliver
- Where we deliver
- The capabilities and resources to deliver
- Sustainability

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c. Main activities undertaken to further the charity's purposes for the public benefit

Statement on Public Benefit

The Trustees have taken into consideration the Charity's Commission guidance on Public Benefit in preparing their statements on public benefit contained within this Trustees Annual Report.

Following its Charitable objects, Inspira exists to help young people and adults reach their full potential, in work, life and society. The services, programmes and ultimately the benefits that Inspira can offer are chosen to help fulfil the mission.

Over the financial year covered by this report, the charity has worked with over 15,000 young people, helping them develop their skills capabilities and promoting social inclusion and cohesion. It has worked with over 6,000 adults providing advice and skills to unemployed people, advancing their education and preventing social isolation by providing assistance to find employment.

Trustees Assessment of Public Benefit

As well as overseeing the services and programmes the Charity delivers the Trustees scrutinise key elements of operations such as Safeguarding and Health and Safety, receiving reports at every trustees meeting.

The Trustees see a full range of performance indicators at every Trustees meeting which helps satisfy them that the charity is providing public benefit and achieving its Charitable objects.

The full range of programmes that Inspira delivers provide crucial services to the communities that we work in. All programmes are carefully selected to ensure they meet the objects of the charity and provide added value to the beneficiaries.

With a growing geographical footprint the Trustees are confident that not only is Public Benefit being provided, it is being provided to a growing number of beneficiaries.

As well as overseeing the services and programmes the Charity delivers the Trustees scrutinise key elements of operations such as Safeguarding and Health and Safety, receiving reports at every trustees meeting.

Achievements and performance

a. Key performance indicators

Financial Review and Results for the Year:

The impact of Covid-19 on turnover has been significant with 19% of anticipated revenue lost. Through very close management and growth of other income streams the reduction has not resulted in a loss.

The Statement of Financial Activities shows total income of £4,806,102 (2020 £7,717,459) and total expenditure of £4,063,960 (2018 £7,435,866) leading to an operating surplus, for the 12-month period of £742,142.

b. Review of activities

Inspira's model of working is customer-centric and encompasses a six-pronged approach, with support adjusted depending on an individual's need or community-led initiative.

As a charity working in the employability skills field, we are driven by our BOLD, RESILIENT and RELEVANT values.

We ensure young people and adults have access to and experience the working world and have the knowledge and skills to succeed. By doing this, we help build stronger, bolder local communities that are resilient to changes in the economy and relevant for the modern world and workplace.

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Practical Support:

Inspira's practical support is designed to equip young people and adults with the resilience skills they need to get their lives, education, and careers on track. This strand works in tandem with Inspira's other five areas of support.

When people face challenging times in their lives, sometimes they need a combination of help, including practical support.

During the pandemic, a lot of people lost their job; Stuart was one of those people. Stuart had had a varied but consistent working history during his working life, but he never felt that he had a long-term plan in place.

When Stuart called Inspira, they connected him with an adviser who works with adults on the National Careers Service.

Together they reflected on his current situation and thought about what he would like his future to look like. Stuart decided that he would like to move away from getting any job and instead start a course and work towards a career.

Working with his adviser, Stuart started to analyse the jobs he had undertaken, and he found he enjoyed working as a Teaching Assistant.

Realising that he didn't have the required Maths qualification he needed to train as a teacher, Stuart and his adviser investigated online Level 2 Maths courses and a free online training course for a Special Educational Needs Teaching qualification. Stuart enrolled on both on the course and is well on his way to achieving his career goals. National Careers Service is delivered on behalf of the Education and Skills Funding agency (ESFA) via the Growth Company and EDT.

Advice, Guidance and Action Planning:

As a leader in career management, Inspira works with young people and adults to help them understand the careers options available to them. Inspira works with them to manage their career journey, undertake education or training pathways to be relevant in the workplace and ultimately find work. By being embedded in our local communities, our team draw on local labour market intelligence and excellent relationships with educational institutions and employers to ensure people have the best chance for success in life and work.

The targeted careers information, advice and guidance contract (CIAG) on behalf of Cumbria County Council is a classic example of Advice, Guidance and Action Planning in practice.

During the pandemic and lockdown, the way Inspira delivered its sessions changed dramatically. In the words of an Inspira Adviser, this is what they did.

For young people already disengaging from school, the lockdowns worsened the situation; it was challenging to build their employability skills or make friends.

I was used to seeing young people on a one-to-one basis - supporting, encouraging, and motivating them to return to education, employment or training. It wasn't easy to make contact at times, but as lockdown continued, I found young people were keen to hear from me, answering my calls, eager to talk to someone different.

I soon had a small group of young people who were willing to meet via Zoom. Together with my colleague, we put together a short programme of development activities, including guest speakers, which could be delivered digitally and keep the young people engaged with the service.

The group quickly expanded, and membership became much more fluid as young people moved into employment or training, and new young people joined.

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FOR THE YEAR ENDED 31 MARCH 2021

Work-related experiences:

By providing inspirational, high quality and relevant work experience opportunities, Inspira has a significant impact on people's future and changes people's lives who are entrenched in unemployment.

Work-related experiences are an essential step in the process to help people get ready for work and be successful at the interview stage. However, during 2020, it was difficult for clients to gain on-the-ground experience during the pandemic. However, Inspira's pre-employment programmes helped mitigate the risk and prepare people for the workplace.

Chris was one such learner, joining a pre-employment programme for care workers in November.

Focusing on participants from the Kickstart scheme, announced by the Government, Chris joined a cohort of learners to prepare for working in the care sector. The programme aimed to ensure that Chris and his fellow learners gained appropriate care-related qualifications, support with personal development and interview techniques.

Chris had previously worked in the retail setting before the Covid-19 pandemic. However, like many people in that sector, he lost his job in Spring 2020.

Chris didn't have any work-related experience in the care sector or care-related qualifications. So, the Inspira team helped Chris complete several qualifications as part of the programme and supported Chris in identifying his transferable skills and practising interview questions. They then introduced him to a local care provider, who, following the interview process, hired Chris as a Care Assistant.

The Key is employer-led and delivered on behalf of ESFA and Cumbria LEP, It is funded by European Social Funds.

Personal development programmes:

Personal development is a critical component of Inspira's programmes, whether getting people ready for the working world or continuing their education or training. Activities cover awareness of and the ability to identify and develop talents, realising potential, dreams and aspirations.

For young people, Inspira delivers the National Citizen Service (NCS) on behalf of NCST and the Growth Company. NCS supports young people in learning and developing relevant skills that are required in the modern working world.

On NCS, young people develop and hone their confidence, leadership and independence through a structured programme to promote vital life skills. Through the programme, young people are given a unique opportunity to build employability skills, engage with many businesses and professionals and develop leadership skills through social action. As a central contributor to the development of NCS since 2011, Inspira delivers NCS in Cumbria, Lancashire, and Northumberland.

While 2020/21 was a little different, between July and December, approximately 1000 young people in Cumbria, Lancashire and Northumberland were inspired into social action to help their local communities during the COVID-19 pandemic.

Combined, the young people contributed to over 8,000 hours of voluntary work and social action projects. Nation-wide there was a target of one million hours of volunteering and social action.

Inspira continued to offer support through NCS as part of the School Support programme delivering programmes and activities for 16 - 17-year-olds directly through their schools and colleges. The initiative enabled the education institutions to pick thematic sessions which helped young people with well-being, employability and post COVID socialisation.

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Personal support:

Katy had been travelling in Australia when COVID-19 became a global concern. Hurrying home due to the ever-changing situation, Katy found herself in a national lockdown and a very challenging time to search for employment opportunities.

Determined to find a job, Katy was keen to understand the career opportunities for graduates and how best to promote herself in the competitive and declining job market.

When Katy contacted her local Jobcentre Plus, her work coach told her that Inspira could help through the National Careers Service and support recent graduates, just like her, with their career search.

When Katy approached Inspira, an online appointment was booked with a knowledgeable and experienced adviser. Following her appointment, Katy was encouraged to join the pre-employment programme designed specifically for graduates.

Increased engagement in the community:

Being engaged with the local community is important to ensure people feel included and feel like contributors to society.

Ensuring our programmes include engagement with our communities helps young people and adults understand more about themselves and how to find career and volunteering opportunities within their local area.

One way Inspira does this is to work with the Blackpool Opportunity Area through the Lancashire Careers Careers Hub and the Lancashire Enterprise Adviser Network delivered on behalf of Lancashire LEP and the Careers and Enterprise company.

Inspira held a Blackpool Innovation and Impact Event to connect Cornerstone Employers and local Careers Leaders during the pandemic as part of the charity's employer engagement work.

Cornerstone Employers work with networks of schools and colleges to improve careers education.

They:

- make sure vital skills for their sector are understood by teachers and education leaders,
- inspire students,
- champion jobs in their local area,
- and have a direct route into potential new employees living on their doorstep.

The event aimed to connect partners to strengthen relationships and understanding, hoping this would lead to innovative thinking on how best to help prepare young people for the world of work during and post the pandemic.

Inspira's six pillars of working with people are interrelated. Each part of the jigsaw plays its part to inspire our clients to reach their potential in life, work, and society and be bold, resilient, and relevant.

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c. Defined benefit pension scheme

The charity operates a funded defined-benefit pension scheme. The effect of compliance with financial reporting standard FRS102 in relation to the defined benefit scheme is disclosed in Note 25 to the financial statements. The annually calculated notional surplus or deficit on the funding of the scheme is designated in the financial statements as a defined benefit pension scheme asset or liability which is added to or deducted from Net Assets in the balance sheet.

An actuarial review carried out as at 31st March 2021 shows the market value of the assets of the scheme to be £30.743 million and the present value of the liabilities £34.375 million. The net deficit or liability on the scheme of £3.632 million is a statement of the transient situation as at 31st March 2021 and the Trustees recognise that this can swing notably in response to market forces and the actuarial assumptions made.

The Trustees continue to consider the impact of this liability on future cashflows and on reserves but believe that it will be funded from the Charity's normal activities. Whilst there is no immediate impact on available cashflows and therefore on the Reserves Policy, the Trustees regularly consider the matter in committee and board meetings and when deemed appropriate, seek external professional advice to ensure that the Charity and its Trustees comply with all legal and associated requirements. Therefore, its effect has been disregarded in the rest of this report.

d. Investment policy and performance

In the current economic climate investment returns are limited and the Charity continues to generate bank interest through its interest bearing account held with its bank. The Charity has no other financial investments held in stock market or banking-related products.

The Charity owns its head office premises.

e. Factors relevant to achieve objectives

Our People:

Inspira has a committed staff. The Board of Trustees regularly receive reports about the projects they deliver and see them at first hand from time to time. They wish to place on record their appreciation for the hard work and dedication shown by the staff.

With a large percentage of Inspira staff delivering face to face individual and group work, Covid-19 and the lockdown presented a challenge the Company has not experienced before.

Noting the direction of travel, the senior management team took a proactive approach to establishing plans to meet staff and clients' needs.

Establishing a robust internal communication process was paramount to ensure the entire Inspira team were kept informed and felt included as circumstances rapidly changed.

When the stay-at-home notice was issued, IT equipment was dispatched and the Inspira team became mobile, shifting their delivery online and working collaboratively across the two counties.

To support the team in their interactions with clients and their own mental health and personal circumstances at home, Inspira reinforced their well-being strategy with weekly Chief Executive video updates and regular guides to working from home - delivered through internal communications platform Yammer.

Regular check-ins occurred with furloughed staff, and many took the opportunity to undertake training opportunities such as gaining their Level 4 and 6 in CIAG.

We held a virtual all staff conference at which every member of the team produced a video to introduce themselves to the charity.

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Adapting to digital was a step-change for the Inspira team, but they met the challenge head-on and successfully.

While the pandemic was a difficult time, there were positive impacts, collaboration and a real sense of community and support.

At the last staff survey (Dec 2020) 100% of staff that responded said that the charity had responded well to challenges presented as a result of Covid-19.

Partnerships

The Trustees regularly review the charity's approach to stakeholder engagement and to deliver maximum impact to its beneficiaries. The charity works hard to develop and sustain productive partnerships. We work very closely with both County Councils, unitary authorities and district councils across both the Cumbria and Lancashire Local Enterprise Partnership footprints as well as the Local Enterprise Partnerships themselves. This involves both contractual and non-contractual work. We have welcomed the new partnerships that have developed in the North East.

We work in partnership with schools, colleges and other parties such as Job Centre Plus to deliver a whole range of services. We have partnerships to deliver contracts such as National Citizen Service with the National Citizen Service Trust and the Growth Company and the National Careers Service with The Growth Company and The Education Development Trust.

We work with a number of third sector organisations, employer bodies and community foundations.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

b. Reserves policy

Inspira needs free reserves to enable it to fulfil its charitable obligations and commitments that it enters into. The charity also requires reserves to ensure continuance of these obligations in the event of any unexpected revenue shortfall.

Free reserves are defined by the Charity Commission as unrestricted funds available to spend on the general purposes of the charity and therefore excluding those designated for particular purposes and those already utilised in purchasing tangible fixed assets. Free reserves should not be mistaken for cash reserves.

Inspira's policy in the long term is to aim to hold reserves equal to not less than three months normal running costs. The directors/trustees believe that the reserves should be built up to the desired level in stages consistent with the charity's overall financial position and its need to maintain and develop its charitable objectives. The charity's short-term objective is to ensure that the combination of cash and realisable fixed assets is sufficient to meet current and anticipated obligations.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management

a. Constitution

The charity is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 21 March 2018.

The charity is constituted under a Memorandum of Association dated 21 March 2018 and its registered charity number is 1179502.

Every member undertakes to contribute an amount not exceeding £1 in the event of the Charity being wound up. As at 31st March 2021 the charity had 12 members, the individuals who are the Trustees and:

- Cumbria County Council
- Cumbria Youth Alliance
- University of Cumbria
- Cumbria Chamber of Commerce

The charity was incorporated on 19 March 2001 and commenced trading on that date.

There have been no changes in the objectives since the last annual report.

b. Methods of appointment or election of Trustees

The management of the charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. Potential Trustees are identified by partner organisations or serving directors/trustees and have the necessary skills and experience to complement the current Board.

c. Policies adopted for the induction and training of Trustees

On appointment each new director/trustee receives an induction pack which outlines the role and responsibilities of becoming a director/trustee to the organisation, terms and conditions of the appointment, background details of the Charity and information relating to the conduct of the Board, including matters reserved, standing orders and specific policies and procedures.

The Board carries out a performance review every year and has incorporated the findings into its work plan.

d. Pay policy for senior staff

The remuneration of key management personnel is agreed by the Remuneration Committee, a subcommittee of the People and Performance Committee. The pay policy for senior staff is based on industry benchmarks. The Chair of the Board is responsible for the Chief Executive's performance development review and the Board determine an annual pay review, with the employment contract and policies of the organisation.

e. Organisational structure and decision making

The Company was established in March 2001 (Connexions Cumbria Limited). It rebranded, by special resolution in January 2011 to Inspira Cumbria Limited, trading as Inspira. In August 2018 we became a registered charity.

The Chief Executive, under the delegation from the Board is responsible for the day to day management of the Company. The Senior Management Team is comprised of the CEO, two delivery Directors and Chief Financial Officer. The responsibility of the SMT is to manage and develop the Company as effectively as possible. In June 2021 a new post of Head of Employability was added to the SMT.

The Board of Trustees meets at least six times a year. The Chair is a non-executive chosen by the Board. Committees have delegated authority to review business areas such as Finance and Growth, People and Performance and related areas. Committees meet at least three times a year.

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f. Risk management

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Senior management monitors the key risks on a day to day basis and assesses the controls used for managing those risks. The Board formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the Charity are as follows:

- Loss of main contracts due to change in government policy, competition, poor performance
- Reputational damage/factors affecting business continuity
- Technological issues – resilience of telecommunications and IT infrastructure and the pace of change affecting the wider business environment
- Loss of key personnel
- Major incident relating to the Safeguarding of staff or beneficiaries
- Impact of Covid-19
- Inability to implement new contracts

Future development and response to Covid-19 pandemic

The charity has a main aim of supporting as many people as possible to reach their full potential. This remains the key driver but we are acutely aware that to achieve this we must maintain and improve financial sustainability. Strategic plans are in place to help this happen which include growth, both geographically and in the charitable activities that we deliver.

Plans for future periods

The demand for our services, particularly for employability related services is high. The charity is extremely relevant and feels it can rise to the challenge of supporting more beneficiaries through increased contracts from commissioners. We are delighted to be one of the delivery partners on the Government's new flagship programmes, RESTART. The work is delivered on behalf of the Department for Work and Pensions via G4S.

Future Public Benefit

Despite the difficult funding and operating environment, Inspira is in a good position to grow and deliver increased public benefit. The unprecedented demand for employability services will see an increase in beneficiaries. With the commencement of the RESTART programme we will expand our reach across the North West, building on the opportunities provided by the National Citizen Service, National Careers Service and Local Enterprise Partnership contracts.

The Trustees will ensure that the Charity continues to benefit the public by providing strong governance and the Senior Management Team will provide strong management responding where appropriate to any requirements laid down by the Charity Commission.

No fundraising activities have taken place during the year.

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Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. 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 charity 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 of the Charities SORP (FRS 102);

make judgments and accounting estimates that are reasonable and prudent;

state whether applicable UK Accounting Standards (FRS 102) 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 charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors


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

so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and

that each Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

The auditors, Armstrong Watson Audit Limited, have indicated their willingness to continue in office.

Approved by order of the members of the board of Trustees and signed on their behalf by:


Mr M Bowman
Trustee
Date: 24 September 2021

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSPIRA CUMBRIA LIMITED

Opinion

We have audited the financial statements of Inspira Cumbria Limited (the 'charity') for the year ended 31 March 2021 which comprise the Statement of financial activities, 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 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 charitable company's affairs as at 31 March 2021 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.

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 charitable 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the Trustees 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 Trustees' report and from the requirement to prepare a Strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable 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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we assessed the extent of compliance with the laws and regulations identified as key to the entity through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- reviewing the key areas of the financial statements most susceptible to fraud whilst tailoring our audit plans.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

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

- assessed whether judgements and assumptions made in determining the accounting estimates, such as the defined benefit pension and investment property valuations were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- reviewed CJRS claims made during the financial year to ensure compliant with HMRC.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with the funding bodies and the charity's legal advisors;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its 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
Statutory Auditors
Fairview House

Date: 14-10-21

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	4	-	100,000	100,000	-
Charitable activities	5	4,366,766	-	4,366,766	7,664,883
Investments	6	27,930	-	27,930	32,189
Other income	7	311,406	-	311,406	20,387
Total income		4,706,102	100,000	4,806,102	7,717,459
Expenditure on:					
Charitable activities	8	3,987,612	76,348	4,063,960	7,435,866
Total expenditure		3,987,612	76,348	4,063,960	7,435,866
Net movement in funds before other recognised gains/(losses)		718,490	23,652	742,142	281,593
Other recognised gains/(losses):					
Defined benefit pension scheme		(1,192,000)	-	(1,192,000)	(397,000)
Net movement in funds		(473,510)	23,652	(449,858)	(115,407)
Reconciliation of funds:					
Total funds brought forward		(1,926,275)	-	(1,926,275)	(1,810,868)
Net movement in funds		(473,510)	23,652	(449,858)	(115,407)
Total funds carried forward		(2,399,785)	23,652	(2,376,133)	(1,926,275)

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 21 to 43 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	454,380	485,537
Investment property	14	350,000	350,000
		<u>804,380</u>	<u>835,537</u>
Current assets			
Debtors	15	473,536	1,061,581
Cash at bank and in hand		1,060,397	964,074
		<u>1,533,933</u>	<u>2,025,655</u>
Creditors: amounts falling due within one year	16	(863,878)	(1,791,567)
Net current assets		<u>670,055</u>	<u>234,088</u>
Total assets less current liabilities		<u>1,474,435</u>	<u>1,069,625</u>
Creditors: amounts falling due after more than one year	18	(218,568)	(248,056)
Provisions for liabilities		-	(54,844)
Net assets excluding pension liability		<u>1,255,867</u>	<u>766,725</u>
Defined benefit pension scheme liability	25	(3,632,000)	(2,693,000)
Total net assets		<u>(2,376,133)</u>	<u>(1,926,275)</u>
Charity funds			
Unrestricted funds			
Unrestricted funds excluding pension asset	20	1,232,215	766,725
Pension reserve	20	(3,632,000)	(2,693,000)
Total unrestricted funds	20	<u>(2,399,785)</u>	<u>(1,926,275)</u>
Total funds		<u>(2,376,133)</u>	<u>(1,926,275)</u>

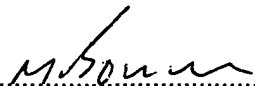
INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 04182567

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


.....

Mr M Bowman

Trustee

Date: 24 September 2021

The notes on pages 21 to 43 form part of these financial statements.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash used in operating activities	124,544	101,186
Cash flows from investing activities		
Proceeds from the sale of tangible fixed assets	-	(34,661)
Purchase of intangible assets	(2,293)	-
Net cash used in investing activities	(2,293)	(34,661)
Cash flows from financing activities		
Repayments of borrowing	(25,928)	(22,462)
Net cash used in financing activities	(25,928)	(22,462)
Change in cash and cash equivalents in the year	96,323	44,063
Cash and cash equivalents at the beginning of the year	964,074	920,011
Cash and cash equivalents at the end of the year	1,060,397	964,074

The notes on pages 21 to 43 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 2021

1. General information

Inspira Cumbria Limited is a company limited by guarantee and is incorporated in England. It's registered office is Gillan Way, Penrith 40 Business Park, Penrith, Cumbria, CA11 9BP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Inspira Cumbria Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.3 Going concern

Inspira Cumbria Limited provides face to face advice and training which has been impacted by the government restrictions put in place. Operationally, this meant that services could not be provided as usual, which in turn resulted in reduced incoming resources. Alternative strategies were implemented, such as video call technology being used to provide some services resulting in some income for the period. Management also took measures to reduce costs, and the charity utilised the the Job Retention Scheme put in place by the UK government to recover 80% of salaries up to £2,500.

The charity has net current assets of £670,055, and net assets excluding the defined benefit pension scheme of £1,255,867, following a surplus before actuarial adjustments in the period of £718,490.

Cashflow forecasts reflect the receipts expected from contracts in place with funders going forward and are prudent in estimating any income not guaranteed at this point in time. There are discussions on-going with funders regarding variations of contracts to reflect the restrictions that the pandemic may place on future services. A significant proportion of Inspira's costs are variable in relation to subcontracting and part time employment. This means that a reduction in incoming resources can be offset by a similar reduction in controllable costs. The cashflow forecasts do not show a deficit cash position at any time in the next 12 months and therefore support the opinion of the trustees in that the charity is a going concern.

Note 20 to the financial statements shows a deficit in the company's defined benefit pension scheme of £3.632 million (2020: £2.693 million). The pension deficit has increased by £939k 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 and is closed to future accrual. Whilst 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 financial markets will eventually eliminate the deficit. The current level of resource is adequate to meet any increased liability in the short term. The trustees will continue to monitor the deficit position.

The trustees 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.

2.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are received from donors and other sponsors. For those that are to fund specific projects, these are held as restricted funds. Where a project is not finished within the financial year, the balance of grants, net of expenditure to date, is carried forward as restricted funds.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.5 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. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters.

Charitable activities and Governance costs are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

2.6 Operating leases

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

During the year, the Charity made use of rental holidays afforded to them by the Lessors of several rented office premises. The rental expense recognised in the accounts includes all reductions.

2.7 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

2.8 Interest income

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

2.9 Finance costs

Finance costs are charged to the Statement of financial activities 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.

2.10 Borrowing costs

All borrowing costs are recognised in the Statement of financial activities 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 2021

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The charity operates a defined contribution pension scheme for certain employees and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

Defined benefit pension plan

The charity 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'.

2.12 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

2.13 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.14 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

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

Depreciation is provided on the following bases:

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

2.15 Investment property

Investment property is carried at fair value 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 financial activities.

2.16 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.17 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.

2.18 Provisions for liabilities

Liabilities and provisions 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.

2.19 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

3. 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 charity 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.

Establishing useful economic lives:

Establishing useful economic lives for depreciation purposes of property, plant and equipment comprise a significant portion of the total fixed assets. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The trustees regularly review these assets useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation charges for the period. Details of the depreciation policies based on estimated useful economic lives are included in accounting policy note 2.14.

Defined benefit pension liability

The present value of the defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Results from the actuarial valuation performed at 31 March 2020 has been used by the actuary in valuing the pensions liability at the balance sheet date.

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

4. Income from donations and legacies

	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Donations	100,000	100,000	-

5. Income from charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £
CIAG (Cumbria County Council)	1,044,544	1,044,544
NCS 2020 (NCS Trust)	1,258,815	1,258,815
National careers service (ESFA)	553,512	553,512
Enterprise adviser network (CEC/Lancs LEP)	527,220	527,220
The Key (ESFA)	639,708	639,708
NCS 2019 (NCS Trust)	121,223	121,223
Other contracts (Various)	221,744	221,744
Total 2021	4,366,766	4,366,766

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
CIAG (Cumbria County Council)	1,175,112	1,175,112
NCS 2019 (NCS Trust)	1,751,292	1,751,292
National Careers service (ESFA)	404,528	404,528
Enterprise adviser network (CEC/Lancs LEP)	469,070	469,070
The Key (ESFA)	1,253,798	1,253,798
NCS 2018 (NCS Trust)	2,265,773	2,265,773
Other contracts (various)	345,310	345,310
Total 2020	7,664,883	7,664,883

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

6. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £
Investment income	27,930	27,930
	<u>27,930</u>	<u>27,930</u>
	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Investment income	32,189	32,189
	<u>32,189</u>	<u>32,189</u>

7. Other incoming resources

	Unrestricted funds 2021 £	Total funds 2021 £
Other income	311,120	311,120
Interest receivable	286	286
	<u>311,406</u>	<u>311,406</u>
	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Other income	15,735	15,735
Interest receivable	4,652	4,652
	<u>20,387</u>	<u>20,387</u>

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Programme costs and activities	3,987,612	76,348	4,063,960

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Programme costs and activities	7,435,866	7,435,866

Summary by expenditure type

	Staff costs 2021 £	Depreciation 2021 £	Other costs 2021 £	Total funds 2021 £
Programme costs and activities	2,940,364	33,449	1,090,147	4,063,960

	<i>Staff costs 2020 £</i>	<i>Depreciation 2020 £</i>	<i>Other costs 2020 £</i>	<i>Total funds 2020 £</i>
Programme costs and activities	3,398,653	94,634	3,942,579	7,435,866

9. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Programme costs and activities	3,467,412	596,548	4,063,960

INSPIRA CUMBRIA LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

9. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2020 £</i>	<i>Support costs 2020 £</i>	<i>Total funds 2020 £</i>
Programme costs and activities	6,796,022	639,844	7,435,866

Analysis of direct costs

	Direct Costs 2021 £	Total funds 2021 £
Net pension interest	63,000	63,000
Wages and salaries	2,848,819	2,848,819
Pension cost	26,000	26,000
Subcontractor costs	260,325	260,325
Recruitment and staff training	37,960	37,960
Travel and motor expenses	20,201	20,201
Vehicle leasing charges	3,128	3,128
Advertising, conventions and shows	28,634	28,634
Bank charges	1,564	1,564
Property costs	175,389	175,389
Meeting room hire and refreshments	2,392	2,392
	<u>3,467,412</u>	<u>3,467,412</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

9. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	<i>Direct Costs</i> 2020 £	<i>Total funds</i> 2020 £
Net pension interest	55,000	55,000
Wages and salaries	3,305,212	3,305,212
Corporation tax charge	(5,215)	(5,215)
Pension cost	28,000	28,000
Subcontractor costs	2,448,281	2,448,281
Recruitment and staff training	67,489	67,489
Travel and motor expenses	694,331	694,331
Vehicle leasing charges	2,074	2,074
Advertising, conventions and shows	23,055	23,055
Bank charges	3,441	3,441
Property Costs	166,550	166,550
Meeting room hire and refreshments	7,804	7,804
	<u>6,796,022</u>	<u>6,796,022</u>

Analysis of support costs

	<i>Support Costs</i> 2021 £	<i>Total funds</i> 2021 £
Wages and salaries	91,545	91,545
Depreciation	33,449	33,449
Office expenses	218,893	218,893
Interest payable	7,785	7,785
Audit and accountancy fees	9,600	9,600
Legal fees	33,108	33,108
Trade subscriptions	11,112	11,112
Sundry expenses	135,747	135,747
Irrecoverable VAT	55,309	55,309
	<u>596,548</u>	<u>596,548</u>

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9. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	<i>Support Costs 2020 £</i>	<i>Total funds 2020 £</i>
Wages and salaries	93,441	93,441
Depreciation	94,634	94,634
Office expenses	225,249	225,249
Interest payable	8,900	8,900
Audit and accountancy fees	9,325	9,325
Legal fees	21,903	21,903
Trade subscriptions	10,826	10,826
Sundry expenses	105,929	105,929
Irrecoverable VAT	69,637	69,637
	<u>639,844</u>	<u>639,844</u>

10. Auditors' remuneration

	<i>2021 £</i>	<i>2020 £</i>
Fees payable to the charity's auditor for the audit of the charity's annual accounts	7,000	6,690
Fees payable to the charity's auditor in respect of: All non-audit services not included above	<u>1,980</u>	<u>2,560</u>

11. Staff costs

	<i>2021 £</i>	<i>2020 £</i>
Wages and salaries	2,582,531	2,844,545
Social security costs	219,667	235,575
Contribution to pension schemes	302,166	318,533
Gain on settlement of Defined Benefit Pension Scheme	(164,000)	-
	<u>2,940,364</u>	<u>3,398,653</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11. Staff costs (continued)

The average number of persons employed by the charity during the year was as follows:

	2021	2020
	No.	No.
Employees	110	139

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

	2021	2020
	No.	No.
In the band £60,001 - £70,000	2	2
In the band £90,001 - £100,000	1	1

Key management personnel for the year was comprised of 4 people (2020 - 4). The aggregate remuneration of key management personnel in the year was £263,889 (2020 - £263,895).

12. Trustees' remuneration and expenses

One trustee received remuneration amounting to £92,302 in the current year (2020 - £91,389) for their services as Chief Executive Officer.

During the year ended 31 March 2021, expenses totalling £NIL were reimbursed or paid directly to Trustees (2020 - £314 to 2 Trustees). All trustees expenses in the year related to travel.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets

	Freehold property £	Long-term leasehold property improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2020	473,951	213,767	75,141	695,097	1,457,956
Additions	-	-	-	2,293	2,293
Disposals	-	-	-	(383,456)	(383,456)
At 31 March 2021	473,951	213,767	75,141	313,934	1,076,793
Depreciation					
At 1 April 2020	55,465	180,662	75,141	661,151	972,419
Charge for the year	10,583	5,758	-	17,108	33,449
On disposals	-	-	-	(383,455)	(383,455)
At 31 March 2021	66,048	186,420	75,141	294,804	622,413
Net book value					
At 31 March 2021	407,903	27,347	-	19,130	454,380
At 31 March 2020	418,486	33,105	-	33,946	485,537

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Investment property

	Freehold investment property £
Valuation	
At 1 April 2020	350,000
At 31 March 2021	350,000

The valuation is based on the valuation undertaken by Hyde Harrington, a firm of Chartered Surveyors which was received in August 2019. The Trustees' review the valuation annually and are of the opinion that the current value does not materially differ at the balance sheet date.

15. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	117,493	722,666
Other debtors	333,277	312,298
Prepayments and accrued income	22,766	26,617
	473,536	1,061,581

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	25,929	23,348
Trade creditors	53,063	70,091
Other taxation and social security	107,526	119,461
Other creditors	26,111	27,416
Accruals and deferred income	651,249	1,551,251
	<u>863,878</u>	<u>1,791,567</u>

Secured loans

Bank loans falling due within one year of £25,929 (2020 - £23,348) are secured via the following:

- 1) 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.
- 2) There is also a first legal charge over freehold property known as Unit 2, Gillan Way, Penrith 40 Busienss Park, Penrith, CA11 9BP.

17. Accruals and deferred income

	2021 £	2020 £
Amounts due between 1 and 5 years	-	54,844
	<u>-</u>	<u>54,844</u>
	2021 £	2020 £
Deferred income at 1 April 2020	1,315,593	147,884
Resources deferred during the year	480,011	1,315,593
Amounts released from previous periods	(1,315,593)	(147,884)
Deferred income at 31 March 2021	<u>480,011</u>	<u>1,315,593</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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

	2021 £	2020 £
Bank loans	218,568	248,056

Included within the above are amounts falling due as follows:

	2021 £	2020 £
Between one and two years		
Bank loans	53,942	54,301
Between two and five years		
Bank loans	87,914	84,981
Over five years		
Bank loans	76,712	108,774

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2021 £	2020 £
Repayable by instalments	76,711	108,774
	76,711	108,774

Secured loans

Bank loans falling due after more than one year of £218,568 (2020 - £248,056) are secured via the following:

- 1) 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.
- 2) There is also a first legal charge over freehold property known as Unit 2, Gillan Way, Penrith 40 Busienss Park, Penrith, CA11 9BP.

19. Provisions

	2021 £	2020 £
Potential irrecoverable VAT in respect of partial exemption case	-	54,844

INSPIRA CUMBRIA LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

20. Statement of funds

Statement of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2021 £
Unrestricted funds					
General funds	766,725	4,528,102	(4,062,612)	-	1,232,215
Pension reserve	(2,693,000)	178,000	75,000	(1,192,000)	(3,632,000)
	<u>(1,926,275)</u>	<u>4,706,102</u>	<u>(3,987,612)</u>	<u>(1,192,000)</u>	<u>(2,399,785)</u>
Restricted funds					
Barclays 100x100	-	100,000	(76,348)	-	23,652
	<u>-</u>	<u>100,000</u>	<u>(76,348)</u>	<u>-</u>	<u>23,652</u>
Total of funds	<u>(1,926,275)</u>	<u>4,806,102</u>	<u>(4,063,960)</u>	<u>(1,192,000)</u>	<u>(2,376,133)</u>

Barclays 100 x 100

We were delighted to be one of the recipients of the 100x100 Barclays Covid Support Fund. This donation was utilised to help repurpose our premises making them Covid-secure for our staff and beneficiaries. We were able to enhance our digital offer and overall the funds have enabled us to help more people, more quickly, at the time they needed the help the most.

Statement of funds - prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2020 £
Unrestricted funds					
General funds	561,132	7,558,459	(7,352,866)	-	766,725
Pension reserve	(2,372,000)	159,000	(83,000)	(397,000)	(2,693,000)
	<u>(1,810,868)</u>	<u>7,717,459</u>	<u>(7,435,866)</u>	<u>(397,000)</u>	<u>(1,926,275)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	454,380	-	454,380
Investment property	350,000	-	350,000
Current assets	1,510,281	23,652	1,533,933
Creditors due within one year	(863,878)	-	(863,878)
Creditors due in more than one year	(218,568)	-	(218,568)
Provisions for liabilities and charges	(3,632,000)	-	(3,632,000)
Total	<u>(2,399,785)</u>	<u>23,652</u>	<u>(2,376,133)</u>

Analysis of net assets between funds - prior year

	<i>Restated unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	485,537	485,537
Investment property	350,000	350,000
Current assets	2,025,655	2,025,655
Creditors due within one year	(1,791,567)	(1,791,567)
Creditors due in more than one year	(248,056)	(248,056)
Provisions for liabilities and charges	(2,747,844)	(2,747,844)
Total	<u>(1,926,275)</u>	<u>(1,926,275)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

22. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income for the year (as per Statement of Financial Activities)	742,142	281,593
Adjustments for:		
Depreciation charges	33,449	94,634
Defined benefit pension scheme costs	(231,000)	(76,000)
Movement in tax	-	(6,760)
(Increase)/Decrease in debtors	588,045	(155,230)
Increase/(Decrease) in creditors	(953,248)	64,105
Provision for Irrecoverable VAT	(54,844)	(101,156)
Net cash provided by operating activities	124,544	101,186

23. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	1,060,397	964,074
Total cash and cash equivalents	1,060,397	964,074

24. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	964,074	96,323	1,060,397
Debt due within 1 year	(23,348)	(2,581)	(25,929)
Debt due after 1 year	(248,056)	29,488	(218,568)
	692,670	123,230	815,900

25. Pension commitments

The charity operates a defined benefit pension scheme.

The company operates a defined contribution scheme for employees. The pension cost charge for the year amounted to £214,945 (2020 - £201,372) and outstanding contributions at the balance sheet date amounted to £26,111 (2020 - £27,416).

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments (continued)

The charity operates a defined benefit pension scheme. The pension cost charge for the year amounted to £178,025 (2020 - £159,073) and outstanding contributions relating to this scheme were £Nil (2019 - £Nil) at the balance sheet date.

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 2021 by an appropriately qualified actuary who are also regulated by the FCA. A salary increase of 1% on current employee salaries is expected in future years.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	At 31 March 2021	At 31 March 2020
	%	%
Discount rate	2.2	2.4
Future salary increases	1	0.1
Future pension increases	2.5	1.6

	At 31 March 2021	At 31 March 2020
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	20.1	20
- at 65 for a male aged 45 now	21	21.1
- for a female aged 65 now	22.9	22.8
- at 65 for a female aged 45 now	24.5	24.4

The charity's share of the assets in the scheme was:

	At 31 March 2021	At 31 March 2020
	£	£
Equities	22,134,960	18,613,140
Debt instruments	3,689,160	4,046,400
Property	2,152,010	1,888,320
Cash and other liquid assets	2,766,870	2,427,840
Total fair value of assets	30,743,000	26,976,000

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments (continued)

The actual return on scheme assets was £641,000 (2020 - £706,000).

The amounts recognised in the Statement of financial activities are as follows:

	2021 £	2020 £
Current service cost	(26,000)	(28,000)
Interest income	641,000	706,000
Interest cost	(704,000)	(761,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	175,000	-
Total amount recognised in the Statement of financial activities	86,000	(83,000)

Movements in the present value of the defined benefit obligation were as follows:

	2021 £
Opening defined benefit obligation	29,669,000
Interest cost	704,000
Contributions by scheme participants	10,000
Benefits paid	(667,000)
Current service cost	26,000
Actuarial gains	6,490,000
Liabilities extinguished on settlements	(1,857,000)
Closing defined benefit obligation	34,375,000

Movements in the fair value of the charity's share of scheme assets were as follows:

	2021 £
Opening fair value of scheme assets	26,976,000
Expected return on assets	641,000
Assets distributed on settlements	(1,693,000)
Contributions by scheme participants	10,000
Employer contributions	178,000
Benefits paid	(667,000)
Actuarial gains	5,298,000
Closing fair value of scheme assets	30,743,000

The charity expects to contribute £178,000 to the defined benefit pension scheme in 21/22.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

26. Operating lease commitments

At 31 March 2021 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£	£
Not later than 1 year	-	59,650
Later than 1 year and not later than 5 years	-	21,333
	<u>-</u>	<u>80,983</u>

The following lease payments have been recognised as an expense in the Statement of financial activities:

	2021	2020
	£	£
Operating lease rentals	-	52,000
	<u>-</u>	<u>-</u>

27. Related party transactions

In prior years, the Charity provided services to schools in the Cumbria Education Trust, a Multi Academy Trust where a Trustee of the Charity is also a Trustee. Transactions totalling £Nil were made during the year. At the year end, £1,080 was owed to the Trust, in relation to this historic transaction made at arms length.

Other related party transactions are disclosed in notes 11 and 12.

28. Controlling party

The ultimate controlling party of the charity is the Board of Trustees.