

Inspire Multi Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2017



Company Registration Number:
08287012 (England and Wales)

Inspire Multi Academy Trust

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Inspire Multi Academy Trust

Reference and Administrative Details

Members	J Chadd M Foster S Ruffell (from 1 st September 2017) R Storey
Trustees	H Brown M Foster (Chair) (Until 31 st August 2017) K Gilligan J Griffith (Until 7 th July 2017) A Henderson (Chief Executive Headteacher and Accounting Officer) (Until 31 st May 2017) A McCully (Staff Trustee, Executive Bursar and Chief Financial Officer) T Pizl (Lead Headteacher) (Trustee from 1 st September 2017) S Porthouse S Ruffell (Chair) (from 1 st September 2017) J West (Chief Executive Headteacher and Accounting Officer) (from 1 st June 2017)
Company Secretary	S Allan
Executive Leadership Team	
Chief Executive Headteacher	A Henderson (Until 31 st May 2017)
Chief Executive Headteacher	J West (from 1 st June 2017)
Executive Bursar	A McCully
Lead Headteacher	T Pizl (from 1 st June 2017)
Company Name	Inspire Multi Academy Trust
Principal and Registered Office	Archer Road, Farringdon, Sunderland. SR3 3DJ
Company Registration Number	08287012 (England and Wales)
Independent Auditor	Baldwins Audit Services Limited, Wynyard Park House, Wynyard Avenue, Wynyard. TS22 5TB
Bankers	Lloyds TSB, Fawcett Street, Sunderland, Tyne & Wear. SR1 1SF
Solicitors	Thorp Parker Newtons, 13 High Street, Stokesley, Middlesbrough, TS9 5AD

Inspire Multi Academy Trust

Trustees' Report

For The Period Ended 31st August 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates 5 academies in Sunderland, Tyne and Wear, admitting pupils aged 3 to 11 years. Our academies are Farrington Academy, New Penshaw Academy, Plains Farm Academy, Burnside Academy and Fatfield Academy.

Our academies are situated in areas of deprivation across the City of Sunderland. The Trust has an overall pupil capacity of 1,440. In the school census from May 2017 the actual number on roll within each individual academy was Farrington 420, New Penshaw 172, Plains Farm 197, Burnside 161 and Fatfield 193.

On the 31st May 2017, Ann Henderson, Chief Executive Headteacher and Accounting Officer retired from her role within the Trust. Mrs Henderson was the driving force and inspiration behind the formation of the Trust in 2012 and her vision, hard work and determination have supported Inspire's many successes over our 5-year journey to date. Trustees are delighted to announce that Joanne West, former Chief Executive Headteacher Designate transitioned to the role of Chief Executive Headteacher on the 1st June 2017 as part of the agreed succession planning strategy to lead Inspire Multi Academy Trust into the next chapter to continue in the vision of becoming a family of outstanding schools.

On the 31st August 2017, Mike Foster, Chair of the Board of Trustees officially steps down from his role as a Trustee of Inspire Multi Academy Trust. Along with Mrs Henderson, Mr Foster has also been a driver behind the successes and achievements of the Trust, from his appointment in 2013. Mr Foster will remain a Member of the Trust, providing even greater capacity and challenge to the Governance of the Trust separation and transparency between the layers of governance, with Members holding Trustees to account for their decisions and actions. Trustees are delighted to announce that Mr Stephen Ruffell has been elected to the position of Chair of the Board of Trustees from 1st September 2017 bringing business skills and knowledge to the Board.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Inspire Multi Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Inspire Multi Academy Trust.

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

Members' Liability

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

Inspire Multi Academy Trust

Trustees' Report (continued)

Trustees' Indemnities

Every Trustee of Inspire Multi Academy Trust shall be indemnified out of the assets of the Multi Academy Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from negligence, default, breach of duty or breach of Trust in relation to the affairs of the Academy Trust.

Method of Recruitment and Appointment or Election of Trustees

Each Trustee's role is linked to a core strand of the business, for example primary education, human resources, finance, community engagement, premises/health and safety etc. Recruitment activity is driven by a recruitment and selection process which includes the formation of role profiles and role specifications which are linked to required skill sets or areas of expertise needed as laid out in the DfE Governance Competency Framework.

Positions or vacancies are advertised externally, for example through the Academy Ambassadors programme, School Governors One Stop Shop, local business and community links as well as the Trust website. Applicants are required to complete an application form to demonstrate how they meet the selection criteria and will be interviewed by a selection panel. A competitive recruitment process helps to ensure the strongest candidates are considered for vacant posts, with the intention of adding value to the skills of the board.

The number of Trustees as set out in the Articles of Association and Funding Agreement shall be not less than three (but unless determined by ordinary resolution) shall not be subject to any maximum.

Subject to the Articles of association, the Company shall have the following Trustees:

- up to 9 Trustees appointed by ordinary resolution by Members
- the Members may appoint Staff Trustees through such process as they may determine
- the total number of Trustees including the Chief Executive Headteacher who are employees of the Company shall not exceed one third of the total number of Trustees
- the Trust will ensure parent participation, utilising Parent Governors on our Local Governing Bodies
- we will ensure a minimum of two Parent Governors will sit on each Local Governing Body, suitable procedures are in place for the conduct of Parent Governor elections.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the year of 2016/17 the Trustees held 8 meetings.

Following their appointment, all new Trustees receive an introduction to their role conducted by the Chair of Trustees and the Chief Executive Headteacher, this preliminary introduction will include a tour of the academies and the opportunity to meet other members of the Senior Leadership Team, staff and pupils.

The training and induction for new Trustees or Local Governors is dependent on their existing experience. Inspire Multi Academy Trust is committed to providing training opportunities so as to enable Trustees to be effective in their roles. Trustees are furnished with a copy of Inspire policies, procedures, minutes, accounts, budget, plans and other relevant documentation.

The Trust subscribes to Sunderland City Council's Governor Training Programme. This provides Trustees and local governors with access to core training such as Safeguarding, RAISE online, Budget Management, SEN etc. as well as online training from the Modern Governor programme which covers all aspects of e-learning from induction onwards. The Trust also procure specialist training where required, for example Safeguarding training via Pam Gartland Safeguarding First Ltd and carry out in house training for Governors as and when required i.e.: Raise Online, data analysis.

Inspire Multi Academy Trust

Trustees' Report (continued)

A Trustee and Governor Induction Pack provides general information for newly appointed Trustees or local governors, supporting them to understand their roles and responsibilities.

Organisational Structure

The Multi Academy Trust's governance structure consists of three levels:

- Members
- Trustees
- Academy Local Governing Bodies

The aim of the layered structure is to devolve responsibility as appropriate and encourage involvement in decision making at all levels.

The Members have overall responsibility and ultimate decision making authority for the Trust including the establishment and running of the Academies.

The Trustees retain overall responsibility for strategic planning and setting the Company's policy as well as responsibility for all matters relating to school finance and personnel matters. The Trustees have the power to direct change when required.

The overall responsibility for holding school leaders to account and driving forward improvements in performance, attainment and progress in each academy is delegated to the Local Governing Bodies, with their impact overseen and monitored and challenged by the Board of Trustees. Local Governing Bodies discharge their functions in-line with the Company's Scheme of Delegation.

The Trustees are responsible for ensuring that the Academy Local Governing Bodies fulfil their statutory obligations in a manner which will allow the Academy to fulfil its principal aims and objectives, ensuring procedures are in place to ensure regularity, propriety and value for money, setting general policy, adopting the Trust Improvement Plan and budget, monitoring the use of budgets, external and internal review reports and enabling them to make major decisions about the direction of the Company, capital expenditure, Headteacher and Deputy Headteacher staff appointments etc.

The Governors of our Local Governing Bodies are responsible for adopting an annual School Improvement Plan, implementing policies laid down by the Board of Trustees. The Headteacher of each Academy reports back to the Trustees termly on the outcomes of work in their school.

The Chief Executive Headteacher, Executive Bursar and the Lead Headteacher oversee the leadership and management of the Trust at an executive level, implementing policies laid down by the Trustees and reporting back to them. The Chief Executive Headteacher and / or Lead Headteacher will always be part of any senior leadership staff appointments.

Arrangements for Setting pay and Remuneration of Key Management Personnel

The Academy Trust follow the Teachers Pay and Conditions in determination of pay policies, salary ranges and structures. At the beginning of each academic year, all leaders, teaching and non-teaching staff are set a series of challenging performance management targets and any salary enhancements or progression are linked to their performance. Performance is monitored throughout the year through the application of rigorous performance management procedures.

Performance Managers and appraisers assess individual performance termly providing the appraisee with the opportunity to present evidence as to their performance, including assessment of training and CPD requirements. The appraiser will provide indications as to whether the appraisee is on track to meet their performance management objectives and targets.

Inspire Multi Academy Trust

Trustees' Report (continued)

Trustees consider the performance of staff and consider remuneration in relation to performance related pay on an annual basis within a Personnel and Performance Management Committee Meeting, usually held in the summer term where appraisers pay recommendations are considered, agreed and ratified.

Related Parties and other Connected Charities and Organisations

The Trust is presently made up of five academies and does not work with any other organisations but is developing links with other schools, academies, colleges and other businesses where these partnerships assist in the Trust's objectives.

Objectives and Activities

The principal objective and activity of the charitable company, in accordance with the Articles of Association, is the strategic management, development, maintenance and operation of the Trust's Academies, Farringdon Academy, New Penshaw Academy, Plains Farm Academy, Burnside Academy and Fatfield Academy offering a broad and balanced education for pupils of differing abilities between the ages of 3 and 11.

Objects and Aims

Underlying the principal objective are a number of other objectives which assist Academy staff in fulfilling the principal objective. These are as follows:

- to ensure that the process of education is a partnership between the learner, the school and the parents, together with Trustees, employers and the community
- to keep the pupil at the centre of this process, knowing that they have various talents and aspirations that need encouragement to develop
- to raise standards through a relentless focus on individual achievement / attainment, effective use of new technologies and a higher percentage of outstanding teaching and leadership and management, ensuring at least good progress
- to challenge all in the Trust's community to fulfil their responsibilities ensuring accountability and improvement
- to motivate and inspire all pupils and enable them to be confident, independent lifelong learners equipped to meet the challenges of the 21st century within an outstanding, safe and nurturing environment
- to ensure all pupils show regard and respect for each other and all the people in the Trust's communities and play a full part in creating a caring, respectful and supportive school environment
- to foster pupils outstanding behaviour avoiding all forms of bullying, radicalisation and extremism.

Objectives, Strategies and Activities

Inspire Multi Academy Trust Development Plan Priorities for 2017/2018

- continue to build capacity of the Trust so that capacity for future expansion remains in line with the growth plan
- to improve levels of attainment and progress across the Trust to be in line with or exceed national expectations
- improve the quality of teaching and learning across the Trust to include a greater percentage of outstanding teaching of at least 50%
- deepen and strengthen the quality of leadership and management at senior, middle management and trustee level within our academies to support attainment and progress of pupils
- recruit to the vacant Members position
- recruit to vacant Trustees position.

Inspire Multi Academy Trust

Trustees' Report (continued)

The strategies in place to enable the Trust to achieve its objectives are:

- well embedded, high quality CPD for all staff
- agreed robust accountability and performance management procedures with swift action if non compliance
- each Head teacher within the five academies strategically leads a development priority across the Trust. These areas are Assessment, Curriculum, EYFS, Teaching and Learning and Pupil Premium
- ensuring all stakeholders have a voice in the direction of the Trust and individual academies
- working with the DfE, Academy Ambassadors and the local community to match skills of potential Members and Trustees to vacancies.

Public Benefit

We acknowledge as Trustees that the Trust has complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers during the period, as detailed in L49 of the SORP.

Each of our academies open their premises to community groups and public lettings. The school premises are used for a variety of activities including community football, Skinny Pigs Fitness, Karate, Brownies and pre-school playgroups. We also run adult and family learning training programmes and intend to extend this further in the future.

Academy facilities are advertised via the academy websites and are available for use by community groups, the general public and charities receiving a low rental rate to cover the cost of overheads only.

Strategic Report

Achievements and Performance

Inspire Multi Academy Trust contains five good schools, with Farringdon having outstanding Leadership and Management and Plains Farm an outstanding EYFS provision.

Trustees are immensely proud that each academy within the Inspire family is graded by Ofsted as good however remain committed to continue to drive standards and push towards outstanding in the future.

Key Performance Indicators

INSPIRE MAT SUMMARY REPORT 2017

EYFS Good Level of Development

% Pupils achieving a Good Level of Development*	2017
Farringdon	67%
New Penshaw	73%
Plains Farm	70%
Burnside	72%
Fatfield	77%
National	70.7%

Inspire Multi Academy Trust

Trustees' Report (continued)

KS1 Reading expected level or above

Academy	National 17	Summer 17	Academy	National 17	Summer 17
Farringdon	76%	76%	Farringdon	25%	22%
Plains Farm	76%	73%	Plains Farm	25%	18%
New Penshaw	76%	65%	New Penshaw	25%	22%
Burnside	76%	75%	Burnside	25%	17%
Fatfield	76%	80%	Fatfield	25%	27%

KS1 Reading greater depth

KS1 Writing expected level or above

Academy	National 17	Summer 17	Academy	National 17	Summer 17
Farringdon	68%	71%	Farringdon	16%	12%
Plains Farm	68%	73%	Plains Farm	16%	14%
New Penshaw	68%	65%	New Penshaw	16%	13%
Burnside	68%	75%	Burnside	16%	17%
Fatfield	68%	70%	Fatfield	16%	20%

KS1 Writing greater depth

KS1 Maths expected level or above

Academy	National 17	Summer 17	Academy	National 17	Summer 17
Farringdon	75%	74%	Farringdon	21%	21%
Plains Farm	75%	77%	Plains Farm	21%	18%
New Penshaw	75%	65%	New Penshaw	21%	13%
Burnside	75%	75%	Burnside	21%	17%
Fatfield	75%	80%	Fatfield	21%	20%

KS1 Maths greater depth

KS2 Reading expected level or above

Academy	National 17	Summer 17	Academy	National 17	Summer 17
Farringdon	71%	53%	Farringdon	25%	5%
Plains Farm	71%	63%	Plains Farm	25%	33%
New Penshaw	71%	81%	New Penshaw	25%	38%
Burnside	71%	73%	Burnside	25%	18%
Fatfield	71%	63%	Fatfield	25%	10%

KS2 Reading high score

KS2 Writing expected level or above

Academy	National 17	Summer 17	Academy	National 17	Summer 17
Farringdon	76%	75%	Farringdon	18%	2%
Plains Farm	76%	73%	Plains Farm	18%	7%
New Penshaw	76%	75%	New Penshaw	18%	19%
Burnside	76%	73%	Burnside	18%	9%
Fatfield	76%	87%	Fatfield	18%	20%

KS2 Writing greater depth

Inspire Multi Academy Trust

Trustees' Report (continued)

KS2 Maths expected level or above

KS2 Maths high score

Academy	National 17	Summer 17	Academy	National 17	Summer 17
Farringdon	75%	80%	Farringdon	23%	16%
Plains Farm	75%	67%	Plains Farm	23%	7%
New Penshaw	75%	69%	New Penshaw	23%	6%
Burnside	75%	68%	Burnside	23%	23%
Fatfield	75%	80%	Fatfield	23%	7%

KS2 EGPS expected level or above

KS2 EGPS high score

Academy	National 17	Summer 17	National 17	Summer 17
Farringdon	77%	85%	31%	24%
Plains Farm	77%	73%	31%	23%
New Penshaw	77%	75%	31%	19%
Burnside	77%	82%	31%	41%
Fatfield	77%	87%	31%	17%

KS2 Combined Score

Academy	National 17	2017
Farringdon	61%	44%
Plains Farm	61%	60%
New Penshaw	61%	63%
Burnside	61%	64%
Fatfield	61%	57%

Key Stage 2 Progress Measures

*National Average Progress is 0

Academy	Reading	Writing	Maths
Farringdon	-4.4	-2.3	+0.4
Plains Farm	+4.4	+0.8	+0.4
New Penshaw	+1.9	-0.3	-3.5
Burnside	+2.2	+0.6	+1.5
Fatfield	-4.1	+0.1	-2.1

Progress Measures KS2 2017

- A score of 0 means pupils in this school on average do about as well at KS2 as those with similar prior attainment Nationally.
- A positive score means that pupils in this school on average do better at KS2 than those with similar prior attainment Nationally.
- A negative score means that pupils in this school on average do worse at KS2 than those with similar prior attainment Nationally.

Inspire Multi Academy Trust

Trustees' Report (continued)

Floor Standard 2017

In 2017 a school will be above the floor if:

- At least 65% of pupils meet the expected standard in English, Reading, English Writing and Mathematics.

Or:

- The school achieves sufficient progress scores in all three subjects. At least -5 in Reading, -5 in Mathematics and -7 in Writing.

All Academies within Inspire MAT are above the Floor Standard for 2017.

Any progress measure which is a negative score is being systematically and strategically addressed through the Trust Improvement Plan and School Improvement Plan in order to secure improvements. The effective working relationships across the Trust ensures that our academies capacity for further improvement is evident across the Trust.

Attendance, particularly persistent absenteeism remains a key focus for all academies and is reviewed termly by Trustees. Academies continue to work closely with attendance officers, parents and children to address this concern.

Going Concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

Most of the Trust's income is obtained from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants, including the General Annual Grant (GAG) received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on page 25.

All of the expenditure in the Statement of Financial Activities is in furtherance of the Trust's objectives.

In 2016/2017 the Trust invested GAG surpluses of £140k to further improve Trust assets. This included contribution to:

- successful Condition Improvement Funding grant applications for flat roof replacement at Farringdon Academy, New Penshaw Academy, Plains Farm Academy and Burnside Academy
- successful Extended Childcare grant application to provide a new kitchen facility and expanded dining space at Farringdon Academy
- the migration of Fatfield and Burnside Academies to the Inspire network infrastructure to provide staff and pupils with access to the Inspire unified network facility, a provision capable of meeting the demands of the curriculum and business needs, which includes blanket Wi-Fi coverage, allowing teachers to integrate IT within their lessons across the sites. Office 365 will be rolled out across the new academies, having been already in place at the existing academies and this is supporting cloud technology and shared file access resulting in a more efficient, streamlined approach to administration and shared resources and a realisation of even greater collaboration between academies.
- support building refurbishment at Burnside Academy including relocation of administration office and to provide a valuable community facility to the locality.

Inspire Multi Academy Trust

Trustees' Report (continued)

During the period ending 31st August 2017 expenditure amounting to £6,628,141 was incurred or accrued. This was offset entirely by grants receivable from the Education and Skills Funding Agency (ESFA), Local Authority grants and other funds.

The Trust also received DfE Condition Improvement funds totalling £940,866 which were awarded to 4 of our academies to support flat roof replacement work and in June £33,223 was received in respect of the Devolved Formula Capital (DFC) grants.

In accordance with the charities SORP 2015, the DFC grants received are shown in the Statement of Financial Activities as restricted asset funds.

Pupil numbers have increased across the Trust, supported by the full time nursery provision. Trustees expect pupil number to rise further linked to the growing reputation of our academies in the local community given the positive Ofsted grading held and further supported by the Government's new extended childcare programme and continued efforts by each academy to promote their school.

As a result of close working relationships, sharing of best practice and high expectations, attainment and progress has improved across our Trust which has been reflected in a rise in their pupil numbers that will secure increased funding from the ESFA in future years.

Reserves Policy

Trustees review the level of Trust reserves termly and annually in the Autumn term and have agreed that the Trust should aim to hold a prudent level of reserves designed to provide:

- sufficient working capital to cover delays between spending and receipt of grants
- a contingency fund for any unexpected emergencies
- funding capacity for future estate maintenance and planned capital investment subject to conditions as set out by the ESFA
- funding to cover any future liabilities as outlined within the Financial Statements.

Trustees agree that expenditure of Trust reserves is in line with the short and medium term Trust Improvement Plans that support academies in raising standards as described in our plans for the future defined within this report. Approved expenditure of reserves is review by Trustees termly and annually.

As of 31st August 2017 the level of Trust reserves held in restricted funds not available for general purposes is £296k plus a balance of unrestricted general funds of £498k giving a net surplus of £794k. The Trustees have reviewed these reserve levels and believe that they should provide sufficient working capital to cover its aims and objectives.

Investment Policy

The Trust investment powers are governed by the Articles of Association, which permits the Charitable Company to deposit or invest any funds not immediately required for the furtherance of its objectives. Trustees agreed a policy for investment which would cover the running expenses of the largest academy as a contingency fund which ensures that extra funds are available on a regular, timely basis to deal with any unforeseen emergencies. Trustees have agreed to invest when all academies are in a stable financial position. When an investment is made and the funds come to maturity Trustees will then make the decision whether to re-invest or whether the funds will be required for urgent necessities or contingencies. Trustees have an approved investment policy.

Principal Risks and Uncertainties

The Trust is subject to a number of risks and uncertainties in common with other Academies. The Trustees recognise that the principal risks and uncertainties are centred on the changes in the levels of funding from the DfE/ESFA and also the Local Government Pension Scheme (LGPS) deficit which represents a significant liability.

Inspire Multi Academy Trust

Trustees' Report (continued)

However, the Trustees consider that the individual academies are able to meet their liabilities in respect of paying its annual contributions for the foreseeable future, therefore the risk from this liability is minimised.

The Trust has been undertaking a comprehensive assessment of possible risks to the future of the Trust and associated academies. The Trustees have assessed the major risks which the charitable company is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances.

Trustees met with external Risk and Assurance specialists to identify the major risks surrounding the Trust achieving the objects, aims and priorities to ensure that systems are in place to mitigate these risks. The Trust has compiled Risk Registers and Business Continuity Plans for the Trust and each Academy which are monitored and reviewed annually by Trustees.

The system of Risk Management is monitored and reviewed on an annual basis by the Chief Executive Headteacher, Headteachers, Executive Bursar and Risk and Assurance specialists from the Local Authority who are well versed in Risk Management Procedures.

A key strategic risk is the challenge of maintaining performance in line with increased expectations. The performance of each academy is rigorously monitored through termly reviews and challenge meetings and closely tracking pupil progress through assessment data tracking systems throughout the year to ensure positive outcomes.

In addition to this another key area of risk to the Trust is falling roles which is monitored closely by academy head teachers who are active in promoting links within the local community and businesses collaborating and sharing best proactive initiatives across the Trust.

Trustees have ensured that 2016/2017 budgets were effectively managed and met all of the school needs. Trustees have mitigated further risk through prudent budget planning and monitoring to ensure ongoing financial sustainability. Balanced budgets for 2017/2018 were set, again evidencing sound financial planning.

Plans for Future Periods

Our primary focus for the Trust in 2017/18 and beyond is to ensure our pupils make good or better progress and attain in line or exceeding national expectations at all Key Stages. All academies work very closely together as a family of schools, all aiming to become outstanding. We use appropriate expertise and support in cross academy improvements:

- raising the performance of Leadership and Management to outstanding across the Trust
- develop further outdoor learning opportunities
- raising the level of good teaching to at least 100% and driving the level of outstanding teaching to at least 50% or better
- continue to embed assessment, planning and reporting in line with national expectations
- reduce the levels of persistently absent pupils and improve overall attendance to be in line with national
- use our resources specifically for the benefit of all pupils in the Trust.
- raise the profile of the Burnside Community Hub to be accessed by community groups across the area
- increase the number of pupils on roll at New Penshaw and Burnside Academies

Our longer term plans for further improvement to the Trust estate are to include:

- further phased renovation at Plains Farm Academy including upgraded lighting, replacement of ceilings, replacement of carpets and decoration.
- adaption of the reception area at Plains Farm Academy to maximise the accessibility of the premises.

Inspire Multi Academy Trust

Trustees' Report (continued)

- further phased roofing replacement at Farringdon, New Penshaw, Plains Farm and Burnside Academies.
- further investment in IT systems, hardware and infrastructure to satisfy future curriculum needs.
- provision of a dedicated training centre at the Farringdon Head Office to provide a training venue for the benefit of the Trust and for commercial use.

Additional investment will also be sought through bids, for example the Strategic School Improvement Fund, Condition Improvement Fund or charitable grants to support the implementation of Trust objectives.

Auditor

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 28th November 2017 and signed on the board's behalf by:

[Signed]



S Ruffell
Chair of Trustees
Date:

Inspire Multi Academy Trust

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Headteacher, as Accounting Officer, working in conjunction with the Executive Bursar, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Inspire Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees and its committees has formally met 8 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
A Henderson	0	3
A McCully	4	4
H Brown	2	4
J Griffith	3	3
J West	4	4
K Gilligan	3	4
M Foster	4	4
S Porthouse	2	4
S Ruffell	3	4

Governance Review

Linked to the expansion of the Academy Trust, Trustees undertook a governance review, in line with guidance and expectations of the DfE and the Regional Schools Commissioner. Trustees have also worked closely with representatives from Academy Ambassadors in sourcing board members with key business skills, to complement the existing strengths at members and Trustee level.

The review encompassed both a structural review, looking carefully at the layers of governance, membership, size and composition and also the key skills required in order to deliver an effective board model to run successful academies.

Membership of our Members layer is now independent of the Board of Trustees (with the exception of the Chair of Trustees) and this ensures Members can hold Trustees to account for the successful operation of our academies. There are currently three Members in place, who have a breadth of experience across the private, public, community and education sectors.

There are 9 Trustees on the Board of Trustees following a focused business board model, with Trustees bringing key areas of expertise to the table, for example HR, Finance, Education Leadership, Premises, Health and Safety.

Throughout 2016/2017, the senior leadership team have implemented a programme of training and support for Trustees and as a result they are now better equipped to support the Leadership Teams, offering highly effective challenge and are able to interpret school data, holding the Leadership Team to account for the performance, progress and attainment across each school.

Inspire Multi Academy Trust

Governance Statement (continued)

Trustees will work with the Chief Executive Headteacher during the autumn term 2017 in the production of the Trust Improvement Plan for 2017/2018.

Trustees and Local Governing Bodies will undertake a Skills Audit during the autumn term 2017. The results of the audit will be analysed in the spring term 2018 with appropriate training and development opportunities offered based upon the findings/outcomes. Trustees will also use the findings to support work on succession planning across key roles e.g. Chair, Committee Chairs etc.

The Skills Audit will also allow Trustees to assess areas where additional recruitment may be required to bring a specific skill set and / or expertise to the Governing Board.

Sub-committees of the main board of Trustees

Finance, Audit and Staffing Committee

The Finance, Audit and Staffing Committee is a sub-committee of the main Board of Trustees. The aims and objectives of the committee, as outlined in the approved Terms of Reference, are to assist the decision making of the Trustees in consultation with the Chief Executive Headteacher, Executive Bursar and Headteachers to ensure sound management of the Academies' finances, staffing and resources including proper planning, monitoring and probity and to act as a critical friend providing strategic direction to offer support and challenge ensuring that all schools operate within Financial Regulations.

In relation to their audit function, the aims and objectives of the committee, as outlined in the approved Terms of Reference, is to advise the Trustees on the adequacy and effectiveness of the Multi Academy Trust systems of internal control and its arrangements for risk management, control and governance processes and securing economic, efficiency and effectiveness (value for money).

It has been agreed that the committee will meet to:

- review the Trust Internal Audit reports following their termly audits of internal controls and governance arrangements across the Trust in 2016/2017
- meet with Baldwins Audit Services Limited, the external auditor.

Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of a possible
A Henderson	1	1
A McCully	3	3
H Brown	3	3
J Griffith	3	3
J West	3	3
M Foster	2	2
S Porthouse	3	3
S Ruffell	3	3

Personnel and Staff Performance Management Committee

The Personnel and Staff Performance Management Committee is a sub-committee of the main Board of Trustees. The aims and objectives of the committee, as outlined in the approved Terms of Reference, in consultation with the Chief Executive Headteacher and Academy Headteachers' is to keep under review and advise the Trustees on:

Inspire Multi Academy Trust

Governance Statement (continued)

- staffing structures
- making recommendations on personnel related expenditure
- overseeing the appointment and reduction of staff
- the administration of salary and performance management policy
- salary issues, considering appeals on pay grades or pay awards
- working conditions - monitoring work / life balance, well-being and staff absence

Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of a possible
H Brown	1	1
M Foster	1	1
S Ruffell	1	1

Review of Value for Money

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

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

- effective school development and financial planning
- continuous self-evaluation, reviewing the impact of CPD
- improving the quality of school leadership and governance through CPD and succession planning, drawing on the talents of our team
- effective use of financial benchmarking across the Trust
- increased attainment and pupil progress through accurate data tracking
- increased skill base of Trustees and Governors
- increasing awareness across the Trust of achieving Best Value and economies of scale
- rigorous performance management which is monitored and reviewed throughout the year

Examples of how value for money is being achieved are detailed below.

Renegotiating service level agreements on an annual basis have realised savings in the following areas:

- pupil database software support packages, support is now provided by our own I.T team following a programme of CPD
- broadband charges have been negotiated for the Trust rather than being procured for individual standalone academies

Other ways in which the Trust is successful in achieving efficiencies:

- training and sharing staff across the Trust in particular areas of expertise i.e.: repairs and maintenance of premises
- best value exercise carried out for annual training event securing significant savings
- benchmarking exercise carried out across the Trust in respect to energy usage and potential savings
- School Business Managers meet regularly to share best practice and areas where economies of scale can be utilised to drive down costs i.e.: stationery procurement, and continually challenge all financial transactions ensuring that they are in line with Trust objectives and for the benefit of the children

Inspire Multi Academy Trust

Governance Statement (continued)

- printing software installed on all computer devices to increase efficiencies in multi-function device printing and scanning costs
- strategic plan across the Trust to change to low energy light fittings which will ensure long term energy savings are achieved
- promoting an ethos of 'reuse, recycle and repair' attitude across the Trust.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Inspire Multi Academy Trust for the period 1st September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees and Senior Leadership team, in conjunction with trained Local Authority personnel, have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy Trust's significant risks that has been in place for the period 1st September 2016 up to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and termly financial reports which are reviewed and agreed by the board of trustees
- termly internal audit reviews
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risk
- Trust Arrears Policy to provide each Academy with a process in respect of debt recovery.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- to appoint Sunderland City Council Internal Audit personnel to carry out the Internal Audit Role

The Internal Audit role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account / bank reconciliations

Inspire Multi Academy Trust

Governance Statement (continued)

On a timetabled basis Internal Audit will carry out checks and will provide a report for the Trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

All academies were subject to termly internal audits of governance arrangements, financial controls and systems across the academic year. The objective of the audits was to provide assurance on whether the Multi Academy Trust's governance and financial management arrangements are robust and operate effectively to safeguard public funds. The audit report and any recommendations are reported to the Chief Financial Officer and Accounting Officer and reported to the Audit Committee and Finance and General Purpose Committee in the Autumn term.

The findings of the audit as at summer 2017 gave substantial assurance that the Academy Trust has effective financial management arrangements in place. Furthermore, the controls evaluated were judged to be well designed, appropriate in scope and applied consistently and effectively. No issues were identified which could prevent the objectives of the Trust being achieved.

Review of Effectiveness

As accounting officer, Mrs J West has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of Internal Audit
- the work of the external auditor
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Trustees on 28th November 2017 and signed on its behalf by:

[Signed]



S Ruffell

Chair of Trustees

[Signed]



J West

Accounting Officer

Inspire Multi Academy Trust

Statement on Regularity, Propriety and Compliance

As accounting officer of Inspire Multi Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Multi Academy Trust board of trustees are able to identify any material irregular or improper use of funds by the academy Trust, or material non-compliance with the terms and conditions of funding under the academy Trust's funding agreement and the Academies Financial Handbook 2016.

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

[Signed]



J West

Accounting Officer

Inspire Multi Academy Trust

Statement of Trustees' Responsibilities

The Trustees (who act as governors of Inspire Multi Academy Trust Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 28th November 2017 and signed on its behalf by:

[Signed]



Mr S Ruffell

Chair of Trustees

Inspire Multi Academy Trust

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Inspire Multi Academy Trust

Opinion

We have audited the accounts of Inspire Multi Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, 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), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

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 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust'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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

Inspire Multi Academy Trust

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Inspire Multi Academy Trust (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust'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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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. 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Inspire Multi Academy Trust

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Inspire Multi Academy Trust (continued)

Baldwin

**Graham Fitzgerald BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited**

29/11/17
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**Chartered Accountants
Statutory Auditor**

Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

Inspire Multi Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Inspire Multi Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 15 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Inspire Multi Academy Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Inspire Multi Academy Trust's funding agreement with the Secretary of State for Education dated 1 April 2012 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Inspire Multi Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Inspire Multi Academy Trust and the Education and Skills Funding Agency (continued)

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Audit reports
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baldwins

Reporting Accountant

Baldwins Audit Services Limited

Dated: 29/11/17

Inspire Multi Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	2	11	14	1,288	1,313	23
Transfer from Local Authority on conversion		-	-	-	-	2,979
Transfer on acquisition		-	-	-	-	-
Charitable activities:						
Funding for the academy trust's educational operations	3	86	6,032	-	6,118	4,532
Other trading activities	4	163	19	-	182	126
Investments	5	1	-	-	1	1
Total		261	6,065	1,288	7,614	7,661
Expenditure on:						
Raising funds	6	59	7	-	66	21
Transfer of deficit on acquisition		-	-	-	-	275
Charitable activities:						
Academy trust educational operations	7	128	6,218	216	6,562	4,587
Total		187	6,225	216	6,628	4,883
Net income / (expenditure)		74	(160)	1,072	986	2,778
Transfer between funds	18	-	(167)	167	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	18,27	-	986	-	986	(1,406)
Net movement in funds		74	659	1,239	1,972	1,372
Reconciliation of funds						
Total funds brought		424	(1,751)	7,701	6,374	5,002
Total funds carried forward		498	(1,092)	8,940	8,346	6,374

Inspire Multi Academy Trust
Balance Sheet as at 31 August 2017

Company Number 08287012

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed Assets					
Intangible assets	12		2		1
Tangible assets	13		8,457		7,637
Current Assets					
Stock	14	5		2	
Debtors	15	549		241	
Cash at bank and in hand		<u>1,795</u>		<u>1,159</u>	
		2,349		1,402	
Liabilities					
Creditors: Amounts falling due within one year	16	<u>(1,054)</u>		<u>(526)</u>	
Net current assets			1,295		876
Total assets less current liabilities			9,754		8,514
Creditors: Amounts falling due after more than one year	17		<u>(20)</u>		<u>-</u>
Net assets excluding pension liability			9,734		8,514
Defined benefit pension scheme liability	27		<u>(1,388)</u>		<u>(2,140)</u>
Total net assets			8,346		6,374
Funds of the academy trust:					
Restricted funds					
- Fixed asset fund	18	8,940		7,701	
- Restricted income fund	18	296		389	
- Pension reserve	18	<u>(1,388)</u>		<u>(2,140)</u>	
Total restricted funds			7,848		5,950
Unrestricted income funds	18		<u>498</u>		<u>424</u>
Total funds			8,346		6,374

The financial statements on pages 25 to 47 were approved by the trustees, and authorised for issue on 28th November 2017 and are signed on their behalf by:

Signed



Mr S Ruffell

Chair of Trustees

Inspire Multi Academy Trust

Statement of Cash Flows for the Year Ended 31 August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	212	408
Cash flows from investing activities	24	424	(125)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		<u>636</u>	<u>283</u>
Cash and cash equivalents at 1 September 2016		1,159	876
Cash and cash equivalents at 31 August 2017	25	<u>1,795</u>	<u>1,159</u>

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

1. Statement of Accounting Policies

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

Basis of Preparation

The financial statements of Inspire Multi Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Inspire Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1. Statement of Accounting Policies (continued)

- **Other Income**

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

- **Donated goods, facilities and services**

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

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

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Tangible Fixed Assets

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

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

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1. Statement of Accounting Policies (continued)

Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

• Land	Not depreciated
• Freehold buildings	50 years
• Long leasehold buildings	50 years
• Fixtures, fittings and equipment	10 years
• ICT equipment	4 years

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

The trust's land and buildings are occupied on a 125 year lease from the local authority. In the view of the trustees, the risks and rewards of occupying the site have been substantially transferred to the trust and therefore the land and buildings have been recognised as a donation on conversion and capitalised within the restricted fixed assets fund. The basis of valuation has been disclosed within the fixed assets note.

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

The land and building valuations for the two schools which joined the trust on 1 July 2016 have been included at a lower value than recognised by the Local Authority, this is based on the significant reduced value the ESFA allocated to Plains Farm and New Penshaw when they joined the trust. The ESFA had advised that their valuation for the two new schools will be available once the data from the land and buildings collection tool is released. It was deemed prudent to reduce the Local Authority valuation to an amount that would appear more in line with the ESFA. This will be reviewed when the ESFA valuation is received.

Liabilities

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

Provisions

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

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

Lease Assets

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

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1. Statement of Accounting Policies (continued)

Investments

None held.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held as face value less any impairment.

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

Financial liabilities – trade creditor, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stock

Stationery stocks are valued at the lower of cost or net realisable value.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 27, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1. Statement of Accounting Policies (continued)

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Inspire Multi Academy Trust
Notes to the Financial Statements for the Year Ended 31 August 2017
(continued)

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital grants	-	974	974	21
Donated Fixed Assets	-	308	308	-
Other donations	11	20	31	2
	11	1,302	1,313	23
2016 Total	2	21	23	

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE / ESFA revenue grants				
- General Annual Grant (GAG)	-	4,738	4,738	3,359
- Start Up Grants	-	-	-	-
- Other DfE/ESFA grants	-	769	769	692
National College grants	-	-	-	-
	-	5,507	5,507	4,501
Other Government Grants				
Local Authority Grants	-	447	447	355
Other government grants	-	-	-	-
	-	447	447	355
Other income from the academy trust's educational operations	86	78	164	126
	86	6,032	6,118	4,532
2016 Total	56	4,476	4,532	

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	20	-	20	11
Catering income	4	-	4	2
Other income	139	19	158	113
	163	19	182	126
2016 Total	101	25	126	

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	1	-	1	1
				1
2016 Total	1	-	1	

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

6 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds	41	-	25	66	21
Academy's educational operations:					
- Direct costs	3,856	-	648	4,504	3,324
- Allocated support costs	1,145	289	624	2,058	1,263
	<u>5,042</u>	<u>289</u>	<u>1,297</u>	<u>6,628</u>	<u>4,608</u>
2016 Total	<u>3,415</u>	<u>218</u>	<u>975</u>	<u>4,608</u>	

Net income / (expenditure) for the period includes:

	2017 £000	2016 £000
Operating leases rentals	20	10
Depreciation	215	159
(Gain)/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)	1	-
Fees payable to auditor for:		
- Audit	15	12
- Other Services	-	4
	<u>251</u>	<u>185</u>

There are no individual transactions exceeding £5,000 included in resources expended in relation to ex-gratia/compensation payments, gifts made by the trust, fixed asset losses, stock losses, unrecoverable debts and cash losses.

7 Charitable Activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	4,504	3,324
Support costs – educational operations	2,058	1,263
	<u>6,562</u>	<u>4,587</u>
Analysis of support costs		
Support staff costs	1,145	599
Depreciation	7	4
Technology costs	32	18
Premises costs	289	218
Other support costs	501	349
Governance costs	84	75
Total support costs	<u>2,058</u>	<u>1,263</u>

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

8 Staff

a. Staff costs

Staff costs during the period were:

	2017 £000	2016 £000
Wages and salaries	3,715	2,637
Social security costs	328	201
Operating costs of defined benefit pension schemes	800	433
Apprenticeship Levy	2	-
	<u>4,845</u>	<u>3,271</u>
Supply staff costs	66	120
Staff restructuring costs	91	7
	<u>5,002</u>	<u>3,398</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	91	7
	<u>91</u>	<u>7</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non contractual severance payment of £91,045 (2016: £7,000). Individually these payments were for £48,000, £29,000, £8,300 and £5,745.

c. Staff numbers

The average number of persons employed by the academy during the year expressed as average head count was as follows:

	2017 No.	2016 No.
Teachers	54	40
Administration and support	143	92
Management	9	5
	<u>206</u>	<u>137</u>

d. Higher paid staff

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	2	1
In the band £100,001 - £110,000	1	-
In the band £110,001 - £120,000	-	1
In the band £140,001 - £150,000	1	-

The above employees participated in the Teachers' Pension Scheme.

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance contributions) received by key management personnel for their services to the academy trust was £403,927 (2016:£333,347).

9 Related Party Transactions – Trustees' Remuneration & Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

Mrs J West (Chief Executive Headteacher Designate and trustee, appointed Chief Executive Headteacher 1st June 2017):

Remuneration	£100,000 - £105,000 (2016: £75,000 - £80,000)
Employer's pension contributions	£15,000 - £20,000 (2016: £10,000 - £15,000)

Miss A McCully (Executive Bursar and trustee):

Remuneration	£60,000 - £65,000 (2016: £55,000 - £60,000)
Employer's pension contributions	£10,000 - £15,000 (2016: £10,000 - £15,000)

The following Trustees resigned from their position as Employee and Trustee on the 31st May 2017.

Mrs AE Henderson (Chief Executive Headteacher and trustee):

Remuneration	£140,000 - £145,000 (2015: £115,000 - £120,000)
Employer's pension contributions	£5,000 - £10,000 (2015: £15,000 - £20,000)

During the period ended 31 August 2017 no travel and subsistence expenses (2016: £0) were reimbursed to trustees.

Other related party transactions involving the trustees are set out in note 28.

10 Central Services

The academy trust has provided the following central services to its academies during the year:

- Educational Support Services
- Financial Support Services
- HR Support Services
- Governance Support Services
- Estate Management Support
- IT Support

Historically the Trust central contribution rate is calculated at 5% to 6%, however this year Trustees agreed that contributions to central services would be based on a model of £60k for a 1-form entry primary and £120k for a 2-form entry primary school from each Academy's General Annual Grant.

Farringdon Academy and Plains Farm Academy have made full financial contribution based on the above model towards the central services within this accounting period. New Penshaw Academy contribution was higher this year to reflect extra support received in the previous financial period.

Inspire Multi Academy Trust **Notes to the Financial Statements for the Year Ended 31 August 2017** **(continued)**

In light of the inherited deficit budget position upon conversion Trustees agreed that Burnside and Fatfield Academies would make a reduced financial contribution towards central services within this period in order to support financial sustainability moving forward.

The actual amounts charged during the year were as follows:

	2017 £000
Farringdon Academy	120
New Penshaw Academy	80
Plains Farm Academy	60
Burnside Academy	48
Fatfield Academy	35
	343

11 Trustees' and Officers' Insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

12 Intangible fixed assets

	Licences £000	Total £000
Cost		
At 1 September 2016	2	2
Additions	2	2
Disposals	-	-
At 31 August 2017	4	4
Amortisation		
At 1 September 2016	1	1
Charged in year	1	1
Disposals	-	-
At 31 August 2017	2	2
Net book values		
At 31 August 2016	1	1
At 31 August 2017	2	2

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

13 Tangible fixed assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Assets Under Construction £000	Total £000
	£000	£000	£000	£000	£000		
Cost							
At 1 September 2016	-	7,693	110	266	-	-	8,069
Additions	-	398	35	42	-	560	1,035
Disposals	-	-	-	-	-	-	-
Additions from new academies	-	-	-	-	-	-	-
At 31 August 2017	-	8,091	145	308	-	560	9,104
Depreciation							
At 1 September 2016	-	286	14	132	-	-	432
Charged in year	-	147	12	56	-	-	215
Disposals	-	-	-	-	-	-	-
At 31 August 2017	-	433	26	188	-	-	647
Net book values							
At 31 August 2016	-	7,407	96	134	-	-	7,637
At 31 August 2017	-	7,658	119	120	-	560	8,457

14 Stock

	2017 £000	2016 £000
Stationery	5	2
	<u>5</u>	<u>2</u>

15 Debtors

	2017 £000	2016 £000
Trade debtors	2	2
VAT recoverable	156	88
Other debtors	6	1
Prepayments and accrued income	385	150
	<u>549</u>	<u>241</u>

16 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	6	86
Other taxation and social security	146	82
Other Creditors	470	265
Accruals and deferred income	432	93
	<u>1,054</u>	<u>526</u>

Deferred income

	2017 £000	2016 £000
Deferred Income at 1 September 2016	55	59
Resources deferred in the year	72	55
Amounts released from previous years	(55)	(59)
Deferred Income at 31 August 2017	<u>72</u>	<u>55</u>

At the balance sheet date the multi academy trust was holding funds received in advance Academy Infant free School Meals £68,340, rates relief £3,942 and dinner monies £181.

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

17 Creditors: amounts falling due in greater than one year

	2017 £000	2016 £000
Other creditors	20	-
	<u>20</u>	<u>-</u>

18 Funds

	Balance at 31 August 2016 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	178	4,738	(4,648)	(140)	128
Start Up Grant	-	-	-	-	-
Pupil Premium	-	607	(607)	-	-
Pension reserve	(2,140)	-	(234)	986	(1,388)
Other grants	159	609	(637)	(17)	114
Other income	52	111	(99)	(10)	54
	<u>(1,751)</u>	<u>6,065</u>	<u>(6,225)</u>	<u>819</u>	<u>(1,092)</u>
Restricted fixed asset funds					
Transfer on conversion	7,334	-	(155)	-	7,179
DfE/ESFA capital grants	80	974	(2)	-	1,052
Other Capital Grants	8	6	(1)	-	13
Capital expenditure from GAG	215	-	(48)	140	307
Private sector capital	-	-	-	-	-
Other Income	64	308	(10)	27	389
	<u>7,701</u>	<u>1,288</u>	<u>(216)</u>	<u>167</u>	<u>8,940</u>
Total restricted funds	<u>5,950</u>	<u>7,353</u>	<u>(6,441)</u>	<u>986</u>	<u>7,848</u>
Total unrestricted funds	<u>424</u>	<u>261</u>	<u>(187)</u>	<u>-</u>	<u>498</u>
Total funds	<u>6,374</u>	<u>7,615</u>	<u>(6,628)</u>	<u>986</u>	<u>8,346</u>

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

General Annual Grant must be used for the normal running costs of the Academy.

Pupil Premium, other grants and other income which includes PE Grant, Special Needs and Early Years Funding with the income being restricted to the terms of each funding stream.

Unrestricted income largely relates to various activities generating funds including University placements, lettings, rents, interest and Wraparound care provision.

The gross transfer from the restricted general to the restricted fixed asset fund of £167,025 represents the capital expenditure from the GAG and other grants during the period.

Capital Grant has been received for capital and related expenditure. Depreciation has been charged against assets within the Restricted Fixed Asset Fund. The transfer from Local Authority reflects fixed assets transferred on conversion along with surpluses on capital and revenue budgets at conversion.

Capital funding from the Condition Improvement Fund has been received for flat roof replacements to three academies.

The academy's restricted general and unrestricted funds total £794k at 31 August 2017.

Inspire Multi Academy Trust
Notes to the Financial Statements for the Year Ended 31 August 2017
(continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total £000
Farringdon Academy	282
New Penshaw Academy	241
Plains Farm Academy	271
Burnside Academy	-
Fatfield Academy	-
Inspire Central Costs (excluding FRS102 pension transactions)	-
Total before fixed assets and pension reserve	<u>794</u>
Restricted fixed asset fund	<u>8,940</u>
Pension reserve	<u>(1,388)</u>
Total	<u>8,346</u>

Burnside and Fatfield Maintained Schools joined Inspire Trust on 1st July 2016. At the time of transfer both academies had deficit balances. Repayment arrangements have now been agreed with the ESFA.

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2017 £000	Total 2016 £000
Farringdon Academy	1,137	287	68	337	1,829	2,019
New Penshaw Academy	652	180	61	170	1,063	1,017
Plains Farm Academy	563	118	55	189	925	1,080
Burnside Academy	587	109	25	173	894	154
Fatfield Academy	652	123	36	197	1,008	179
Inspire central costs (includes FRS102 pension transactions)	265	329	2	97	693	275
Academy Trust	<u>3,856</u>	<u>1,146</u>	<u>247</u>	<u>1,163</u>	<u>6,412</u>	<u>4,724</u>

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

Comparative figures in relation to the period ended 31 August 2016 are set out below:

	Balance at 31 August 2015	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2016
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	286	3,359	(3,365)	(102)	178
Start Up Grant	6	-	(6)	-	-
Pupil Premium	2	430	(432)	-	-
Pension reserve	(506)	-	(228)	(1,406)	(2,140)
Other grants	77	617	(510)	(25)	159
Other income	52	95	(95)	-	52
	(83)	4,501	(4,636)	(1,533)	(1,751)
Restricted fixed asset funds					
Transfer on conversion	4,479	2,966	(111)	-	7,334
DfE/ESFA capital grants	60	21	(1)	-	80
Other Capital Grants	9	-	(1)	-	8
Capital expenditure from GAG	155	-	(42)	102	215
Private sector capital	-	-	-	-	-
Other Income	41	-	(4)	27	64
	4,744	2,987	(159)	129	7,701
Total restricted funds	4,661	7,488	(4,795)	(1,404)	5,950
Total unrestricted funds	341	173	(88)	(2)	424
Total funds	5,002	7,661	(4,883)	(1,406)	6,374

The academy's restricted general and unrestricted funds total £812k at 31 August 2016.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total £000
Farringdon Academy	346
New Penshaw Academy	152
Plains Farm Academy	230
Burnside Academy	(12)
Fatfield Academy	(28)
Inspire Central Costs (excluding FRS102 pension transactions)	125
Total before fixed assets and pension reserve	813
Restricted fixed asset fund	7,701
Pension reserve	(2,140)
Total	6,374

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2016	Total 2015
	£000	£000	£000	£000	£000	£000
Farringdon Academy	1,297	307	74	341	2,019	1,834
New Penshaw Academy	622	109	83	203	1,017	905
Plains Farm Academy	691	153	50	186	1,080	1,092
Burnside Academy	98	18	4	34	154	
Fatfield Academy	108	16	7	48	179	
Inspire central costs (includes FRS102 pension transactions)	-	(21)	1	295	275	29
Academy Trust	2,816	582	219	1,107	4,724	3,860

19 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	2	2
Tangible fixed assets	-	-	8,457	8,457
Current assets	509	1,170	670	2,349
Current liabilities	(11)	(854)	(189)	(1,054)
Non-current liabilities	-	(20)	-	(20)
Pension scheme liability	-	(1,388)	-	(1,388)
Total net assets	498	(1,092)	8,940	8,346
2016 Total	424	(1,751)	7,701	6,374

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	1	1
Tangible fixed assets	-	-	7,637	7,637
Current assets	431	891	80	1,402
Current liabilities	(7)	(502)	(17)	(526)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(2,140)	-	(2,140)
Total net assets	424	(1,751)	7,701	6,374
2015 Total	341	(83)	4,744	5,002

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

20 Capital Commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	27	-
	<u>27</u>	<u>-</u>

21 Operating Leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
Amounts due within one year	13	16
Amounts due between one and five years	20	30
Amounts due after five years	-	0
	<u>33</u>	<u>46</u>

22 Reconciliation of Net Income/(expenditure) to net cash flow from operating activities

	2017 £000	2016 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	986	2,778
Adjusted for:		
Amortisation	1	1
Depreciation (note 13)	215	158
Capital grants from DfE and other capital income	(980)	(21)
Less Donated Fixed Asset	(308)	-
Transfer from Local Authority	-	(2,936)
Interest receivable (note 5)	(1)	(1)
Defined benefit pension scheme obligation inherited	-	232
Defined benefit pension scheme cost less contributions payable (note 27)	194	(21)
Defined benefit pension scheme finance cost (note 27)	40	17
(Increase)/decrease in stocks	(3)	(2)
(Increase)/decrease in debtors	(308)	(18)
Increase/(decrease) in creditors	376	221
Net cash provided by / (used in) Operating Activities	<u>212</u>	<u>408</u>

23 Cash flows from financing activities

	2017 £000	2016 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	<u>-</u>	<u>-</u>

24 Cash flows from investing activities

	2017 £000	2016 £000
Dividends, interest and rents from investments	1	1
Proceeds from sale of tangible fixed assets	-	-
Purchase of intangible fixed assets	(2)	(2)
Purchase of tangible fixed assets	(555)	(145)
Capital grants from DfE/ESFA	974	21
Capital funding received from sponsors and others	6	-
Net cash outflow from capital expenditure and financial investment	<u>424</u>	<u>(125)</u>

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Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

25 Analysis of cash and cash equivalents

	At 31 August 2017 £000	At 31 August 2016 £000
Cash in hand and at bank	1,795	1,159
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	1,795	1,159

26 Members' Liability

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

27 Pension and Similar Obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at the end of the financial year (2016: £74,999).

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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

The TPS valuation for 2012 determined an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £548,137 (2016: £391,031).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £334,338 (2016: £260,267), of which employer's contributions totalled £258,316 (2016: £207,162) and employees' contributions totalled £76,022 (2016: £53,105). The agreed contribution rates for future years is 16.4% for employers and 5.5% - 12.5% for employees.

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

Principal Actuarial Assumptions (% per annum)

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.4%	3.4%
Rate of increase for pensions in payment/inflation	1.9%	1.9%
Discount rate for scheme liabilities	2.5%	2.0%
Inflation assumption (CPI)	1.9%	1.9%
Commutation of pensions to lump sums	75.0%	75.0%

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.8	23.2
Females	26.3	24.8
<i>Retiring in 20 years</i>		
Males	25.0	25.3
Females	28.6	27.1

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Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

Sensitivity analysis	At 31 August 2017 £'000	At 31 August 2016 £'000
Discount rate +0.1%	5,104	4,980
Discount rate -0.1%	5,376	5,245
Mortality assumption – 1 year increase	5,086	4,946
Mortality assumption – 1 year decrease	5,391	5,278
CPI rate +0.1%	5,297	5,177
CPI rate -0.1%	5,179	5,046

The academy trust's share of the assets in the scheme were:

	Fair Value at 31 August 2017 £000	Fair Value at 31 August 2016 £000
Equities	2,545	1,970
Corporate bonds	443	342
Property	346	297
Government bonds	150	113
Cash	150	89
Other	216	160
Total market value of assets	3,850	2,971

The actual return on scheme assets was £628,000 (2016: £385,000).

Amount recognised in the Statement of Financial Activities

	2017 £000	2016 £000
Current service cost	(452)	(186)
Past service cost		
Interest income	62	76
Interest cost	(102)	(93)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement		
Admin expenses		
Total amount recognised in the SOFA	(492)	(203)

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Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

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

	2017 £000	2016 £000
At 1 September	5,111	2,305
Conversion of academy trusts	-	-
Transferred in on existing academies joining the trust	-	-
Transferred out on existing academies leaving the trust	-	-
Current service cost	452	186
Interest cost	102	93
Employee contributions	76	53
Actuarial (gain) / loss	(420)	1,716
Benefits paid	(83)	(18)
Losses or gains on curtailments	-	-
Net increase in liabilities from acquisitions	-	776
Past service cost	-	-
Unfunded pension payments	-	-
Effect of non-routine settlements	-	-
At 31 August	5,238	5,111

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

	2017 £000	2016 £000
At 1 September	2,971	1,799
Conversion of academy trusts	-	-
Transferred in on existing academies joining the trust	-	-
Transferred out on existing academies leaving the trust	-	-
Interest income	62	76
Actuarial gain/(loss)	566	310
Employer contributions	258	207
Employee contributions	76	53
Benefits paid	(83)	(18)
Net increase in assets from disposals/acquisitions	0	544
At 31 August	3,850	2,971

28 Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures

Mr H Brown's daughter is employed by the academy trust as a Teaching Assistant. Miss M Brown (Chastney) works at New Penshaw Academy and was appointed through a competitive interview process by a recruitment panel from 1st September 2016. Miss M Brown (Chastney) is paid in line with the standard national pay scale for teaching assistants and reports directly to the Headteacher, Mrs S Johnson.

Ms J Griffith's daughter is employed by the academy trust as a Teaching Assistant. Miss R Griffith works at Plains Farm Academy and was appointed through a competitive interview process by a recruitment panel 1st September 2015. Miss R Griffith is paid in line with the standard national pay scale for teaching assistants and reports directly to the Headteacher, Miss L Cassidy.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2016.