

THE INSPIRE LEARNING FEDERATION
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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THE INSPIRE LEARNING FEDERATION
(A company limited by guarantee)

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THE INSPIRE LEARNING FEDERATION
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members L Clarke
T Sunderland
M Treagus
A Drummond (appointed 28 September 2016)
F Aubrey-Smith (appointed 18 January 2017)

Trustees E Cole
K Godsall
C Hooper
M Johnson
C Lowe
T Sunderland

Company registered number 09202445

Company name The Inspire Learning Federation

Principal and registered office Blackfield Primary School
Hampton Lane
Blackfield
Hampshire
SO45 1AX

Key Management Personnel C Lowe, Executive Principal
T Sasso, Principal
H Jakimavicius, Principal
M Hooper, Director of teaching and learning
J Broomfield, Business Manager

Independent auditors Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR

Bankers Lloyds Bank PLC
PO Box 1000
BS1 1LT

Solicitors Veale Wasbrough Vizards LLP
Orchard Court
Orchard Lane
Bristol
BS1 5WS

THE INSPIRE LEARNING FEDERATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 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 1 primary school, 1 infant school and one nursery school in the New Forest. Its academies have a combined pupil capacity of 630 and had a roll of 590 in the school census on 6th October 2016. The Nursery has a capacity for 32 pupil session. It runs 10 sessions per week and is 75% full.

In addition to the Trustees listed above the following other key senior members of staff, which comprise the Strategic Leadership Team of the schools with the Academy Trust, are responsible for the day to day management Academy Trust's educational activities.

Blackfield Primary School

Executive Principal	Mrs C Lowe
Principal	Mr T Sasso
Director of Teaching and Learning	Mrs M Hooper

Fawley Infant School

Executive Principal	Mrs C Lowe
Principal	Mrs H Jakimavicius

Structure, governance and management

Constitution

The Academy is a charitable 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 The Inspire Learning Federation are also the directors of the charitable company for the purpose of company law.

The charitable company is known as The Inspire Learning Federation.

Details of the Trustees who served during the year 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.

Trustees' Indemnities

Under the ESFA's Risk Protection Arrangement, the Academy has insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Method of Recruitment and Appointment or Election of Trustees

The Board of Trustees draws representation from the Academy Councils of the organisations within the Trust. The Chair of Chairs of all Academy Councils serves as an Academy Trustee. The Trustees have set up procedures that will enable regular reviews regarding the mix of skills that should be available to the Board. Where necessary, co-opted trustees will then be sought with these skills. It is anticipated that the great majority of co-opted trustees will be drawn from the local community who have shown an interest in the future well-being of the Academy Trust and its pupils. Recruitment is, therefore, likely to be through a combination of approaches to individuals with known skills and by wider communications to those within the local area.

New Trustees will be appointed to the Board by the Members and the existing Trustees until the date of the next Annual General Meeting, at which time they are eligible for re-election for a period of four years. At the end of a four year term retiring Trustees are eligible for re-election for a further term.

Policies and Procedures Adopted for the Induction and Training of Trustees

Individual Trustees have made use of the expertise of established multi-academy trusts to increase their skills and knowledge, as well as attending courses organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date. The Trust also subscribes to Hampshire Governor Services who provide a broad range of courses to support governance.

Organisational Structure

The Trustees have responsibility for setting and monitoring the overall strategic direction of the Inspire Learning Federation, and approving decisions reserved to Trustees as detailed in the scheme of delegation.

Key responsibilities include:

- Setting the values, aims and objectives of the Trust.
- Agreeing a policy framework for achieving the agreed aims and objectives.
- Appointing senior leaders of The Inspire Learning Federation academies.
- Defining and delegating responsibilities to the Academy Councils.

The Trustees meet as a Board five times each year. All decisions reserved to the Trustees are taken by the Board as a whole. The Academy Councils meet four times each year to consider detailed matters about the individual academies, and, where appropriate, to make recommendations to the Board of Trustees.

Additionally, ad hoc groups of Trustees are established, as and when required, to consider specific issues and make recommendations to the Board.

There is currently one Academy Council in operation for each academy. Through the Scheme of Delegation detailed Terms of Reference for the Academy Councils have been agreed by The Inspire Learning Federation Board of Trustees. Their memberships are as follows:

Blackfield Primary School

Mr M Johnson (Chair), Mr K Westbrook, Mr R Hewett-Curl, Mrs B Bolger, Mrs L Hayes, Miss J Ashcroft, Mr T Sasso, Mrs C Lowe, Mrs J Broomfield (Clerk)

Fawley Infant School

Mr D Payne (Chair), Mrs D Armitage, Mrs M Briant, Mrs D Osman, Ms M Langton, Mrs H Jakimavicius, Mrs C Lowe, Mrs J Broomfield (Clerk)

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Key responsibilities include:

Setting the strategic direction of the academies by:

- Ensuring the values, aims and objectives for the academies are aligned to those of The Inspire Learning Federation
- Implementing the policy framework for achieving the aims and objectives
- Setting statutory targets
- Agreeing the academy improvement plan

Challenging and supporting the academies by monitoring, reviewing and evaluating:

- The implementation and effectiveness of the policy framework
- Progress towards targets
- The implementation and effectiveness of the academy improvement plan

Ensuring accountability by:

- Monitoring the academy's self-evaluation documentation
- Responding to Ofsted reports when necessary
- Holding the Principal to account for the performance of the academy
- Ensuring parents and pupils are involved, consulted and informed as appropriate
- Making available information to the local community

The Executive Principal, Mrs C Lowe, is the Accounting Officer for The Inspire Learning Federation. She works closely with the other Trustees of the Academy Trust and the Strategic Leadership Team of the Inspire academies.

The day to day management of each academy rests with the Principal who is appointed by the Trustees. He or she works with his/her Academy Council to establish a leadership team which has both the skills and capacity to drive the academy improvement agenda.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

All key management personnel of the Trust and its academies are part of the Trust's performance management process. Targets are set at the beginning of the academic/financial year, reviewed mid-year with decisions taken regarding any possible increment taken at the end of the academic/financial year.

Recommendations for incremental pay increases are made by reviewers to the Strategic Leadership Team who moderate, amend if necessary, and then present to the Trustee's Pay Committee who ratify the recommendations.

The pay recommendation for the Executive Principal is made by the Trustee Committee responsible for the Executive Principal's Performance Management and forwarded to the Pay Committee.

Related Parties and other Connected Charities and Organisations

The academy trust is not part of a wider network.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Objects and Aims

The charitable objectives for which The Inspire Learning Federation was established are set down in The Articles of Association, as follows: "To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools (the academies) offering a broad and balanced curriculum."

Objectives, Strategies and Activities

The principal activity of The Inspire Learning Federation is currently to run a primary school and an infant school for boys and girls known as Blackfield Primary School and Fawley Infant School and a nursery school known as Blackfield Nursery.

The Inspire Learning Federation defines its mission and vision as follows:

Vision

To place irresistible learning at the heart of educational transformation and grow an outstanding family of schools across the South of England who share common values, expertise and innovation.

Mission

We strive to be at the forefront of educational development, recognised for outstanding practice and to relentlessly pursue excellence.

We are compelled by a strong moral purpose to support and develop all children and staff within our family of schools to ensure that they make rapid progress and achieve success.

We offer environments of the highest quality to empower learning and create endless possibilities in ways which meet the needs of all.

We provide an innovative and a self-created infrastructure to free teaching and learning, ensure rapid response to need and allow safety, flexibility and fluidity.

Public Benefit

The Trustees have taken the Charity Commission's specific guidance on public benefit (contained within the guidance document "The advancement of education for the public benefit") into consideration in preparing their statements on public benefit contained within this Trustees' annual report.

Benefits and beneficiaries

In accordance with its charitable objectives, The Inspire Learning Federation strives to advance the education of the pupils attending the academies that operate through the Trust. The Academy Trust's primary beneficiaries are, therefore, the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout all of the Trust's academies.

Trustees' assessment of Public Benefit

In order to determine whether or not the Academy Trust has fulfilled its charitable objectives for public benefit, the Trustees gather evidence of the success of the Academy Trust's activities using the range of measures described above.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements, Performance and Key Performance Indicators

BLACKFIELD PRIMARY SCHOOL

Year R - GLD			
	School 2017	School 2016	2016 National
All	74	70	69
Male	65	74	62
Female	83	65	77
FSME6	62	70	55
Non FSME6	79	70	72
Dis	61	-	-
Other	80	-	-
SEN	40	-	-
Non SEN	81	-	-
Summer	75	-	-
Non Summer	74	-	-

Year 1 - Phonics				
Groups	Cohort	BPS 2017%	BPS 2016%	National 2016%
All	53	89	78	81
Male	29	79	79	87
Female	24	100	77	84
Disadvantaged	14	86	58	83
Other	39	90	91	83
E6 FSM	13	85	59	83
CLA	1	100	33	81
SEN	17	71	20	81
Non SEN	36	97	-	-

Year 2 – Reading 2017							
Attainment							
Groups	Cohort	= Age Related Expectation			Greater Depth		
		School 2017	School 2016	National 2016%	School 2017	School 2016	National 2016 %
All	50	78.0	70	74	24.0	13	24
Male	28	82.1	69	70	17.9	19	20
Female	22	72.7	71	78	31.8	9	27
Disadvantaged	19	68.4	61	78	26.3	14	27
Other	31	83.9	78	78	22.6	13	27
E6 FSM	17	70.6	62	78	22.6	12	27
Non E6 FSM	33	81.8	-	-	23.5	-	-
CLA	3	33.3	-	74	33.3	-	24
Non CLA	47	76.6	-	-	25.5	-	-
SEN	7	14.3	-	74	-	-	24
Non SEN	43	88.4	-	-	27.9	-	-

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Year 2 – Writing 2017							
Attainment							
Groups	Cohort	= Age Related Expectation			Greater Depth		
		School 2017	School 2016	National 2016%	School 2017	School 2016	National 2016 %
All	50	76.0	62	65	18.0	12	13
Male	28	78.6	58	59	14.3	15	10
Female	22	72.7	65	73	22.7	9	17
Disadvantaged	19	63.2	54	70	21.1	14	15
Other	31	83.9	69	70	16.1	9	15
E6 FSM	17	64.7	54	70	16.1	12	15
Non E6 FSM	33	81.8	-	-	17.6	-	-
CLA	3	33.3	-	66	33.3	-	13
Non CLA	47	78.7	-	-	17.0	-	-
SEN	7	-	-	65	-	-	13
Non SEN	43	88.4	-	-	20.9	-	-

Year 2 – Mathematics 2017							
Attainment							
Groups	Cohort	= Age Related Expectation			Greater Depth		
		School 2017	School 2016	National 2016%	School 2017	School 2016	National 2016 %
All	50	82.0	72	73	38.0	10	18
Male	28	89.3	69	72	46.4	15	20
Female	22	72.7	74	74	27.3	6	16
Disadvantaged	19	63.2	54	77	36.8	7	20
Other	31	93.5	88	77	38.7	13	20
E6 FSM	12	64.7	54	77	35.3	8	20
Non E6 FSM	38	90.9	-	-	39.4	-	-
CLA	3	33.3	-	73	33.3	-	18
Non CLA	47	85.1	-	-	38.3	-	-
SEN	7	14.3	-	73	-	-	18
Non SEN	43	93.0	-	-	44.2	-	-

Year 6 – Reading 2017							
Attainment							
Groups	Cohort	= Age Related Expectation			Greater Depth		
		School 2017 %	School 2016	National 2016%	School 2017 %	School 2016	National 2016 %
All	86	74	70	66	22	23	19
Male	49	74	69	62	20	21	16
Female	37	74	70	70	24	26	22
Disadvantaged	28	64	65	72	14	6	23
Other	58	76	72	72	25	31	23
E6 FSM	25	64	65	72	16	6	23
Non E6 FSM	61	76	-	-	24	-	-
CLA	3	67	50	66	33	-	19
Non CLA	83	73	-	-	21	-	-
SEN	10	22	22	66	-	-	19
Non SEN	76	81	74	74	25	26	22

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Year 6 – Writing 2017							
Attainment							
Groups	Cohort	= Age Related Expectation			Greater Depth		
		School 2017 %	School 2016	National 2016%	School 2017 %	School 2016	National 2016 %
All	86	76	75	74	22	9	15
Male	49	69	77	68	20	12	11
Female	37	84	72	81	24	6	19
Disadvantaged	28	64	52	79	14	3	18
Other	58	81	85	79	25	12	18
E6 FSM	25	64	52	78	16	3	18
Non E6 FSM	61	81	-	-	24	-	-
CLA	3	67	50	74	33	-	15
Non CLA	83	76	-	-	21	-	-
SEN	10	-	11	74	-	-	15
Non SEN	76	86	82	84	25	10	17

Year 6 – Mathematics 2017							
Attainment							
Groups	Cohort	= Age Related Expectation			Greater Depth		
		School 2017 %	School 2016	National 2016%	School 2017 %	School 2016	National 2016 %
All	86	82	81	70	23	19	17
Male	49	86	81	70	18	21	18
Female	37	76	81	70	29	17	15
Disadvantaged	28	75	71	76	14	13	20
Other	58	85	85	76	27	22	20
E6 FSM	25	72	71	75	16	13	20
Non E6 FSM	61	85	-	-	26	-	-
CLA	3	100	50	70	33	-	17
Non CLA	83	81	-	-	23	-	-
SEN	10	30	44	70	-	-	17
Non SEN	76	88	84	78	26	20	19

Year 6 – Combined 2017						
Attainment						
Groups	= Age Related Expectation			Greater Depth		
	School 2017 %	School 2016	National 2016%	School 2017 %	School 2016	National 2016 %
All	64	61	53	13	4	5
Male	65	62	50	12	2	5
Female	63	60	57	1	6	6
Disadvantaged	50	45	60	7	-	7
Other	71	68	60	15	6	7
E6 FSM	48	45	60	7	-	7
Non E6 FSM	72	-	-	15	-	-
CLA	67	50	54	33	-	5
Non CLA	65	-	-	13	-	-
SEN	-	11	53	-	-	5
Non SEN	73	66	62	14	4	6

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

FAWLEY INFANT SCHOOL

PHONICS 2017			
GROUP	2015	2016	2017
Year 1 – all pupils (26)	76%	77%	88%
Girls (13)	81%	90%	92%
Boys (13)	69%	67%	85%
Disadvantaged (6)	-	-	67%
Other (20)	64%	71%	75%
FSM (4)	64%	71%	75%
Non-FSM (22)	83%	80%	91%
SEN (2)	0%	0%	0%
CLA (1)	-	-	0%

	Year R - 2017	
Area of Learning	Number of Children	GLD
Fawley EYFS Data 2015-16	-	81%
National Data 2015-16	-	69%
Hampshire Data 2015-16	-	75%
Non CLA	27	74%
CLA	1	0%
Other	17	82%
Disadvantaged	11	55%
Non FSM	17	82%
FSM +E6	11	55%
Female	17	65%
Male	11	82%
ELG + All	28	71%

YEAR 2 – READING 2017				
ATTAINMENT				
GROUPS	= Age Related Expectation		Greater Depth	
	School %	National 2016 %	School %	National 2016 %
All – 23	70	74	13	24
Male – 13	62	70	8	20
Female – 10	80	78	20	27
Disadvantaged – 7	67	78	14	27
Other – 16	80	78	13	27
FSM + E6 – 7	67	78	14	27
Non FSM – 16	80	78	13	27
SEN – 6	33	74	-	24
Non SEN – 17	82	82	18	27

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

YEAR 2 – WRITING 2017				
ATTAINMENT				
GROUPS	= Age Related Expectation		Greater Depth	
	School %	National 2016 %	School %	National 2016 %
All	57	65	4	13
Male	38	59	-	10
Female	80	73	10	17
Disadvantaged	43	70	-	15
Other	63	70	6	15
FSM + E6	43	70	-	15
Non FSM	63	70	5	15
SEN	17	65	-	13
Non SEN	71	73	6	1

YEAR 2 – MATHEMATICS 2017				
ATTAINMENT				
GROUPS	= Age Related Expectation		Greater Depth	
	School %	National 2016 %	School %	National 2016 %
All	70	78	9	18
Male	77	83	8	19
Female	60	76	10	16
Disadvantaged	71	77	-	20
Other	69	77	13	20
FSM + E6	71	77	0	20
Non FSM	69	77	13	20
SEN	67	-	-	18
Non SEN	76	93	12	20

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Financial review

The Academy Trust receives the majority of its funding from The Education Funding Agency and as a result the funding matches the pupil profile of the individual academies. In addition, specific grants are received from the local authority, this relates to pupils with Special Educational Needs.

Both academies in the Trust have benefited from a successful bid from the Ministry of Defence to support service children and their families.

Blackfield Primary School have had two successful bids to the DfE Condition Improvement Fund. In 2015-16 £222,708 was received to upgrade the boilers and heating system and in 2016-17 £536,337 has been awarded to replace all the flat roofs at the school.

The Academy Trust has also continued to generate income via the deployment of key staff to support other schools in the area who have specific needs and requirements.

Additional funding has been raised at local level by academy led initiatives including hire of premises.

Reserves Policy

The Trustees' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the academies within the Academy Trust and to fund future projects and initiatives. The Trustees intend to review the reserves policy annually to ensure that this aim can be achieved.

The reserves as at 31 August 2017 were as follows:

- Unrestricted (free) reserves of £247,872
- A restricted fixed asset fund of £5,945,277, which can only be realised through disposal of fixed assets
- A pension deficit of £652,000
- Other restricted funds of £320,167
- Total funds of £5,861,316

The Trustees intend to utilise these reserves in the near future to improve the infrastructure of the premises of both academies.

There is a £652,000 deficit in respect of the Local Government Pension Scheme. This will result in increased employers' pension contributions over a period of years. We have reflected the effect of increased pension costs in our future budgets. Increased pension contributions will be met from the academy trust's budgeted annual income, and whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust as a result of recognising the deficit.

Investment Policy

The Trustees' investment powers are set down in the Academy Trust's Memorandum and Articles of Association which permit the investment of monies of the Academy Trust that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The Academy Trust's current policy is to invest surplus funds in short-term cash deposits.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Principal Risks and Uncertainties

The Trustees have a comprehensive risk management process to identify and monitor the risks faced by the Academies. The principal risks identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards those identified higher risk areas.

Plans for future periods

The Inspire Learning Federation will continue to pursue its objectives and aims and support the continuing success and development of pupils, thereby reinforcing and building upon both academies' existing OFSTED Good rating.

The Trust will also continue to develop partnerships and collaborative working with the Halterworth Consortium for training teachers, the ETC Teaching Alliance and the SSAT. Links with local and regional businesses and the wider community will be developed in accordance with the Trust objectives and to the benefit of all pupils, academies and the community.

Throughout 2017-18 the Trustees have agreed to continue working on the priorities set out below.

- To ensure that all children within the Trust achieve high levels of achievement and attainment
- To grow leaders to feed the system and create sustainability
- To grow a family of schools on the Waterside, Southampton and South Hampshire

Funds Held as Custodian Trustee on Behalf of Others

Currently there are no funds held on behalf of others and there are no plans for this to happen in the future.

Auditor

Insofar as the Trustees are aware:

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

The Trustees' report was approved by order of the board of trustees, as the company directors, on 29 November 2017 and signed on its behalf by:



.....
T Sunderland
Chair of Trustees

THE INSPIRE LEARNING FEDERATION
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GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Inspire Learning Federation 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 Trustee's Report and in the Statement of Trustee's Responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

	Meetings attended	Out of a possible
T Sunderland	5	5
M Johnson	2	5
C Lowe	5	5
K Godsall	3	5
E Cole	2	5
C Hooper	5	5

The Board of Trustees complete the Academy School Governance maturity matrix prepared by ICSA. It is a self-evaluation tool to benchmark the academies' governance arrangements. Results of this process are analysed and appropriate development and training put in place where necessary.

The Finance and Risk Committee is a sub-committee of the Board of Trustees. Its purpose is to ensure economy, efficiency and effectiveness of financial management and value for money by rigorous monitoring and internal checks.

During the year Mr C Hooper, who is a qualified banker, joined the committee as an adviser. Attendance at meetings in the year was as follows:

Trustee / Academy Councillor	Meetings attended	Out of a possible
T. Sunderland (Trustee)	5	6
D. Payne (Academy Councillor)	6	6
S. Passfield (Academy Councillor)	2	2
C. Hooper (Trustee / Adviser)	6	6
L Hayes (Academy Councillor)	2	3

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GOVERNANCE STATEMENT (continued)

Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Academy 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 Academy'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 appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Undertaking a comprehensive, detailed review of IT licences resulting in substantial savings
- Two successful CIF bids for Blackfield Primary School to upgrade the heating system and replace all the flat roofs. Further CIF bids will be submitted for Fawley Infant School during the next bidding round.
- Continuation of the classroom refurbishment programme, project managed by the Site Manager, resulting in large savings.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 The Inspire Learning Federation for the year 1 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 has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 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 academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing guidelines;
- Delegation of authority and segregation of duties;
- Identification and financial management of risk.

THE INSPIRE LEARNING FEDERATION
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework (continued)

The internal reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems and following up on issues and actions which have been graded according to level of risk. In particular the checks carried out in the current period included:

- Income / Expenditure
- Debtors / Creditors
- Cash and banking
- Compliance
- Financial Systems

The internal reviewer reports to the Trustees and provides advice and guidance to the Trust's Finance and Risk Committee, whose membership comprises Trustees and Academy Council representatives, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of Effectiveness

As Accounting Officer the Executive Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the internal reviewer.
- 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 Finance and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 29 November 2017 and signed on their behalf, by:



.....
T Sunderland
Chair of Trustees



.....
C Lowe
Accounting Officer

THE INSPIRE LEARNING FEDERATION
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Inspire Learning Federation 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 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.



.....
C Lowe
Accounting Officer

Date: 29 November 2017

THE INSPIRE LEARNING FEDERATION
(A company limited by guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees (who act as governors of The Inspire Learning Federation 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 of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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 29 November 2017 and signed on its behalf by:



T Sunderland
Chair of Trustees

THE INSPIRE LEARNING FEDERATION
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
INSPIRE LEARNING FEDERATION**

OPINION

We have audited the financial statements of The Inspire Learning Federation for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF 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 financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

THE INSPIRE LEARNING FEDERATION
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
INSPIRE LEARNING FEDERATION**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

THE INSPIRE LEARNING FEDERATION
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
INSPIRE LEARNING FEDERATION**

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy's or to cease operations, 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Hopper Williams & Bell Limited

Michaela Johns FCCA (Senior statutory auditor)
for and on behalf of

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Date: *14 December 2017*

THE INSPIRE LEARNING FEDERATION
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE INSPIRE LEARNING FEDERATION AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 4 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 The Inspire Learning Federation during the year 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 The Inspire Learning Federation and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Inspire Learning Federation and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Inspire Learning Federation and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE INSPIRE LEARNING FEDERATION'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of The Inspire Learning Federation's funding agreement with the Secretary of State for Education dated 1 October 2014, 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 year 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 the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE INSPIRE LEARNING FEDERATION
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE INSPIRE
LEARNING FEDERATION AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

SUMMARY OF WORK UNDERTAKEN

We carried out the following:

- planning of assurance procedures including identifying key risks;
- substantive testing including analytical review;
- concluding on procedures carried out.

Substantive testing included the following procedures:

- confirming that activities conform to the Academy's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Academy;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy's framework of authorities;
- confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the ESFA;
- confirming whether ESFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

CONCLUSION

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

Hopper Williams & Bell Limited

Michaela Johns FCCA (Senior statutory auditor)

Hopper Williams & Bell Limited

Statutory Auditor
Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR

Date: *14 December 2017*

THE INSPIRE LEARNING FEDERATION
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations & capital grants:						
Transfer on conversion	2	1,707	-	-	1,707	-
Other donations and capital grants	2	24,297	-	551,234	575,531	239,289
Charitable activities	5	-	3,468,468	-	3,468,468	2,996,277
Other trading activities	3	4,377	-	-	4,377	4,744
Investments	4	321	-	-	321	491
TOTAL INCOME		30,702	3,468,468	551,234	4,050,404	3,240,801
EXPENDITURE ON:						
Charitable activities		-	3,325,927	311,054	3,636,981	3,365,242
TOTAL EXPENDITURE	6	-	3,325,927	311,054	3,636,981	3,365,242
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	30,702	142,541 (9,374)	240,180 9,374	413,423 -	(124,441) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		30,702	133,167	249,554	413,423	(124,441)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	309,000	-	309,000	(467,000)
NET MOVEMENT IN FUNDS		30,702	442,167	249,554	722,423	(591,441)
RECONCILIATION OF FUNDS:						
Total funds brought forward		217,170	(774,000)	5,695,723	5,138,893	5,730,334
TOTAL FUNDS CARRIED FORWARD		247,872	(331,833)	5,945,277	5,861,316	5,138,893

The notes on pages 27 to 47 form part of these financial statements.

THE INSPIRE LEARNING FEDERATION
(A company limited by guarantee)
REGISTERED NUMBER: 09202445

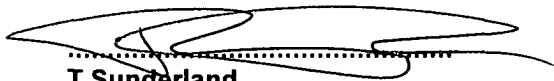
BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		5,531,587		5,680,883
CURRENT ASSETS					
Debtors	14	558,667		279,450	
Cash at bank and in hand		780,414		412,821	
			<u>1,339,081</u>	<u>692,271</u>	
CREDITORS: amounts falling due within one year	15	(328,530)		(381,438)	
NET CURRENT ASSETS			<u>1,010,551</u>		<u>310,833</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,542,138</u>		<u>5,991,716</u>
CREDITORS: amounts falling due after more than one year	16		<u>(28,822)</u>		<u>(28,823)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>6,513,316</u>		<u>5,962,893</u>
Defined benefit pension scheme liability	21	(652,000)			(824,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>5,861,316</u></u>		<u><u>5,138,893</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	320,167		50,000	
Restricted fixed asset funds	17	5,945,277		5,695,723	
Restricted income funds excluding pension liability		6,265,444		5,745,723	
Pension reserve		(652,000)		(824,000)	
Total restricted income funds			<u>5,613,444</u>		<u>4,921,723</u>
Unrestricted income funds	17		<u>247,872</u>		<u>217,170</u>
TOTAL FUNDS			<u><u>5,861,316</u></u>		<u><u>5,138,893</u></u>

THE INSPIRE LEARNING FEDERATION
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

The financial statements on pages 23 to 47 were approved by the Trustees, and authorised for issue, on 29 November 2017 and are signed on their behalf, by:



T Sunderland
Chair of Trustees

The notes on pages 27 to 47 form part of these financial statements.

THE INSPIRE LEARNING FEDERATION
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>406,704</u>	<u>136,807</u>
Cash flows from investing activities:			
Proceeds from the sale of tangible fixed assets		-	1,000
Purchase of tangible fixed assets		<u>(39,111)</u>	<u>(310,850)</u>
Net cash used in investing activities		<u>(39,111)</u>	<u>(309,850)</u>
Change in cash and cash equivalents in the year		367,593	(173,043)
Cash and cash equivalents brought forward		<u>412,821</u>	<u>585,864</u>
Cash and cash equivalents carried forward		<u>780,414</u>	<u>412,821</u>

THE INSPIRE LEARNING FEDERATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The Inspire Learning Federation constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

THE INSPIRE LEARNING FEDERATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

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

1.4 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 charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

THE INSPIRE LEARNING FEDERATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.5 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 Academy 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.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	Shorter of 50 years or length of lease
Long-term leasehold land	-	Not depreciated
Motor vehicles	-	3 - 8 years Straight line
Fixtures and fittings	-	7 - 10 years Straight line
Computer equipment	-	25% Straight line

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

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 incorporating income and expenditure account.

THE INSPIRE LEARNING FEDERATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 Taxation

The Academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.12 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 14. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. 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 other financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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 21, 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 incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The 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 21, 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Transfer on conversion	1,707	-	1,707	-
Donations	24,297	-	24,297	12,507
Capital grants	-	551,234	551,234	226,782
Subtotal	24,297	551,234	575,531	239,289
	26,004	551,234	577,238	239,289
Total 2016	12,507	226,782	239,289	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	4,377	-	4,377	4,744
Total 2016	4,744	-	4,744	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	321	-	321	491
Total 2016	491	-	491	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,546,629	2,546,629	2,023,849
DfE/ESFA other grants	-	465,594	465,594	839,133
	-	3,012,223	3,012,223	2,862,982
Other government grants				
Local authority grants	-	7,114	7,114	2,540
Other grants	-	31,850	31,850	12,400
	-	38,964	38,964	14,940
Other funding				
Trip income	-	45,064	45,064	54,701
Catering income	-	26,587	26,587	26,539
Music income	-	8,874	8,874	3,878
Nursery income	-	222,723	222,723	-
Other income	-	114,033	114,033	33,237
	-	417,281	417,281	118,355
	-	3,468,468	3,468,468	2,996,277
Total 2016	-	2,996,277	2,996,277	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Academy's educational operations:					
Direct costs	2,042,777	-	183,565	2,226,342	2,203,711
Support costs	589,742	279,145	541,752	1,410,639	1,161,531
	2,632,519	279,145	725,317	3,636,981	3,365,242
<i>Total 2016</i>	2,485,206	227,814	652,222	3,365,242	

7. ANALYSIS OF SUPPORT COSTS

	Educational operations £	Total 2017 £	Total 2016 £
Technology costs	109,353	109,353	100,018
Premises costs	279,145	279,145	227,814
Governance costs	10,930	10,930	10,325
Other costs	238,062	238,062	176,721
Wages and salaries	359,403	359,403	345,381
National insurance	23,011	23,011	14,825
Pension cost	202,328	202,328	131,254
Depreciation	188,407	188,407	155,193
	1,410,639	1,410,639	1,161,531
<i>At 31 August 2016</i>	1,161,531	1,161,531	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	188,407	155,193
Auditors' remuneration - audit	5,285	5,130
Auditors' remuneration - other services	5,645	5,195
Operating lease rentals	26,992	5,822

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**NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	2,006,399	1,971,498
Social security costs	167,420	138,054
Operating costs of defined benefit pension schemes	453,700	375,654
	<u>2,627,519</u>	<u>2,485,206</u>
Staff restructuring costs	5,000	-
	<u>2,632,519</u>	<u>2,485,206</u>

Staff restructuring costs comprises of a single non-statutory/non-contractual termination payment.

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

	2017 No.	2016 No.
Teachers	37	35
Administration/Support	8	8
Management	5	5
	<u>50</u>	<u>48</u>

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

	2017 No.	2016 No.
In the band £80,001 - £90,000	1	1

The key management personnel of the academy trust comprise the senior management team as listed on page 1. The total amount of staff costs in respect of key management personnel was £383,116 (2016: £355,953).

10. CENTRAL SERVICES

No central services were provided by the Academy to its academies during the year and no central charges arose.

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**NOTES TO THE FINANCIAL STATEMENTS
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11. TRUSTEES' REMUNERATION AND 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 other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £'000	2016 £'000
C Lowe (Executive Principal)	Remuneration	85-90	85-90
	Pension contributions paid	10-15	10-15

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £nil)

12. 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.

13. TANGIBLE FIXED ASSETS

	Long-term leasehold & freehold land & property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	5,410,942	33,750	241,562	254,379	5,940,633
Additions	-	1,792	30,549	6,770	39,111
At 31 August 2017	5,410,942	35,542	272,111	261,149	5,979,744
Depreciation					
At 1 September 2016	179,666	14,376	13,475	52,233	259,750
Charge for the year	93,739	7,557	22,974	64,137	188,407
At 31 August 2017	273,405	21,933	36,449	116,370	448,157
Net book value					
At 31 August 2017	5,137,537	13,609	235,662	144,779	5,531,587
At 31 August 2016	5,231,276	19,374	228,087	202,146	5,680,883

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**NOTES TO THE FINANCIAL STATEMENTS
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14. DEBTORS

	2017 £	2016 £
Trade debtors	8,770	2,426
Other debtors	116,661	195,337
Prepayments and accrued income	433,236	81,687
	<u>558,667</u>	<u>279,450</u>

15. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Other loans	1,922	1,921
Trade creditors	74,704	126,877
Other taxation and social security	39,776	40,203
Other creditors	42,324	41,079
Accruals and deferred income	169,804	171,358
	<u>328,530</u>	<u>381,438</u>

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	50,590	44,425
Resources deferred during the year	52,665	50,590
Amounts released from previous years	(50,590)	(44,425)
Deferred income at 31 August 2017	<u>52,665</u>	<u>50,590</u>

Analysis of deferred income

	2017 £	2016 £
UIFSM provisional funding	44,084	31,356
Trip income relating to the forthcoming year	2,551	1,874
Grants relating to the forthcoming year	6,030	17,360
Total	<u>52,665</u>	<u>50,590</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	<u>28,822</u>	<u>28,823</u>

17. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Reserves	<u>217,170</u>	<u>30,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,872</u>
Restricted funds						
General Annual Grant (GAG)	-	2,546,629	(2,221,272)	(9,374)	-	315,983
Pupil premium	-	334,794	(334,794)	-	-	-
Other DfE/ESFA grants	-	60,800	(60,800)	-	-	-
Regional Academy Growth Fund	-	70,000	(70,000)	-	-	-
Sponsor Capacity grant	50,000	-	(50,000)	-	-	-
Local authority grants	-	7,114	(7,114)	-	-	-
Other grants	-	31,850	(31,850)	-	-	-
Other educational activities	-	194,558	(194,558)	-	-	-
Nursery	-	222,723	(218,539)	-	-	4,184
Pension reserve	(824,000)	-	(137,000)	-	309,000	(652,000)
	<u>(774,000)</u>	<u>3,468,468</u>	<u>(3,325,927)</u>	<u>(9,374)</u>	<u>309,000</u>	<u>(331,833)</u>
Restricted fixed asset funds						
Fixed asset fund	5,680,883	-	(188,407)	39,111	-	5,531,587
ESFA/DfE capital grants - devolved formula capital	14,840	14,897	-	(29,737)	-	-
ESFA/DfE capital grants - CIF	-	536,337	(122,647)	-	-	413,690
	<u>5,695,723</u>	<u>551,234</u>	<u>(311,054)</u>	<u>9,374</u>	<u>-</u>	<u>5,945,277</u>
Total restricted funds	<u>4,921,723</u>	<u>4,019,702</u>	<u>(3,636,981)</u>	<u>-</u>	<u>309,000</u>	<u>5,613,444</u>
Total of funds	<u>5,138,893</u>	<u>4,050,404</u>	<u>(3,636,981)</u>	<u>-</u>	<u>309,000</u>	<u>5,861,316</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Reserves	343,196	17,742	-	(143,768)	-	217,170
	<u>343,196</u>	<u>17,742</u>	<u>-</u>	<u>(143,768)</u>	<u>-</u>	<u>217,170</u>
Restricted funds						
General Annual Grant (GAG)	182,309	2,023,849	(2,244,584)	38,426	-	-
Pupil premium	-	277,989	(277,989)	-	-	-
Other DfE/ESFA grants	-	511,144	(511,144)	-	-	-
Sponsor Capacity grant	-	50,000	-	-	-	50,000
Local authority grants	-	2,540	(2,540)	-	-	-
Ministry of Defence grants	-	12,400	(12,400)	-	-	-
Other educational activities	-	118,355	(118,355)	-	-	-
Pension reserve	(314,000)	-	(43,000)	-	(467,000)	(824,000)
	<u>(131,691)</u>	<u>2,996,277</u>	<u>(3,210,012)</u>	<u>38,426</u>	<u>(467,000)</u>	<u>(774,000)</u>
Restricted fixed asset funds						
Fixed asset fund	5,518,829	-	(155,230)	317,284	-	5,680,883
ESFA/DfE capital grants - CIF	-	226,782	(211,942)	-	-	14,840
	<u>5,518,829</u>	<u>226,782</u>	<u>(367,172)</u>	<u>317,284</u>	<u>-</u>	<u>5,695,723</u>
Total restricted funds	<u>5,387,138</u>	<u>3,223,059</u>	<u>(3,577,184)</u>	<u>355,710</u>	<u>(467,000)</u>	<u>4,921,723</u>
Total of funds	<u>5,730,334</u>	<u>3,240,801</u>	<u>(3,577,184)</u>	<u>211,942</u>	<u>(467,000)</u>	<u>5,138,893</u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

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

General annual grant

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the following school budget share, minimum funding guarantee, education services grant, insurance, rates, and pre-16 high need funding streams.

Pupil premium and other DfE/ESFA grants

This is funding received from the ESFA for specific purposes.

Other DfE/ESFA grants

This is a capital improvement fund received for the specific purpose of improving Blackfield Primary School's roof.

Sponsor Capacity Grant

This represents funds received to take on a new school.

Local authority grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Ministry of Defence grants

This is funding received for special purposes, for example service families.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants

This is money received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	<i>Total 2016 £</i>
Blackfield Primary School	415,667	114,556
Fawley Infant School	152,372	152,614
Total before fixed asset fund and pension reserve	568,039	267,170
Restricted fixed asset fund	5,945,277	5,695,723
Pension reserve	(652,000)	(824,000)
Total	5,861,316	5,138,893

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	<i>Total 2016 £</i>
Blackfield Primary School	1,742,034	529,036	31,840	571,011	2,873,921	2,760,648
Fawley Infant School	300,743	60,706	6,726	206,478	574,653	449,401
	2,042,777	589,742	38,566	777,489	3,448,574	3,210,049

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	5,531,587	5,531,587
Current assets	247,872	677,519	413,690	1,339,081
Creditors due within one year	-	(328,530)	-	(328,530)
Creditors due in more than one year	-	(28,822)	-	(28,822)
Pension reserve	-	(652,000)	-	(652,000)
	247,872	(331,833)	5,945,277	5,861,316

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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	-	-	5,680,883	5,680,883
Current assets	217,170	460,261	14,840	692,271
Creditors due within one year	-	(381,438)	-	(381,438)
Creditors due in more than one year	-	(28,823)	-	(28,823)
Provisions for liabilities and charges	-	(824,000)	-	(824,000)
	<u>217,170</u>	<u>(774,000)</u>	<u>5,695,723</u>	<u>5,138,893</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	413,423	(124,441)
Adjustment for:		
Depreciation charges	188,407	155,193
Loss on the sale of fixed assets	-	37
Increase in debtors	(279,217)	(68,521)
(Decrease)/increase in creditors	(52,909)	131,539
Pension adjustments	137,000	43,000
Net cash provided by operating activities	<u>406,704</u>	<u>136,807</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Notice deposits (less than 3 months)	780,414	412,821
Total	<u>780,414</u>	<u>412,821</u>

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21. PENSION COMMITMENTS

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

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

Contributions amounting to £39,269 were payable to the schemes at 31 August 2017 (2016 - £39,877) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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:

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

During the previous year the employer contribution rate was 14.1%. 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.

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21. PENSION COMMITMENTS (continued)

The employer's pension costs paid to TPS in the period amounted to £193,597 (2016 - £202,517).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £182,000 (2016 - £159,000), of which employer's contributions totalled £137,000 (2016 - £120,000) and employees' contributions totalled £45,000 (2016 - £39,000). The agreed contribution rates for future years are 13.1% for employers and 5.5% to 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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %

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

	2017	2016
Retiring today		
Males	24.0	24.6
Females	27.0	26.4
Retiring in 20 years		
Males	26.0	26.7
Females	29.3	28.7

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	1,754,000	1,667,000
Discount rate -0.1%	1,841,000	1,740,000
Mortality assumption - 1 year increase	1,744,000	1,649,000
Mortality assumption - 1 year decrease	1,850,000	1,757,000

THE INSPIRE LEARNING FEDERATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	701,000	498,000
Property	74,000	65,000
Government bonds	284,000	231,000
Corporate bonds	13,000	16,000
Cash and other liquid assets	34,000	46,000
Other	39,000	23,000
Total market value of assets	<u>1,145,000</u>	<u>879,000</u>

The actual return on scheme assets was £100,000 (2016 - £135,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(259,000)	(153,000)
Net interest cost	(15,000)	(10,000)
Total	<u>(274,000)</u>	<u>(163,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	1,703,000	905,000
Current service cost	259,000	153,000
Interest cost	34,000	35,000
Employee contributions	45,000	39,000
Actuarial (gains)/losses	(228,000)	577,000
Benefits paid	(16,000)	(6,000)
Closing defined benefit obligation	<u>1,797,000</u>	<u>1,703,000</u>

THE INSPIRE LEARNING FEDERATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. PENSION COMMITMENTS (continued)

Movements in the fair value of the Academy's share of scheme assets:

	2017 £	2016 £
Opening fair value of scheme assets	879,000	591,000
Interest income	19,000	25,000
Actuarial losses	81,000	110,000
Employer contributions	137,000	120,000
Employee contributions	45,000	39,000
Benefits paid	(16,000)	(6,000)
	<u>1,145,000</u>	<u>879,000</u>
Closing fair value of scheme assets	<u>1,145,000</u>	<u>879,000</u>

22. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
Amounts payable:		
Within 1 year	26,314	26,314
Between 1 and 5 years	24,209	50,523
Total	<u>50,523</u>	<u>76,837</u>

23. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

24. 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.