

**Inspire Multi Academy Trust
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year ended 31 August 2016

Company Registration Number:
08287012 (England and Wales)

Inspire Multi Academy Trust

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Inspire Multi Academy Trust

Reference and Administrative Details

Members	M Foster (Chair) H Brown (resigned 23 June 2016) J Chadd (resigned 29 September 2015 and re-appointed from 22 January 2016) J Griffith (resigned 13 July 2016) S Ruffell (resigned 23 June 2016) R Storey (from 13 July 2016)
Trustees	M Foster (Chair) E Ashton (resigned 23 June 2016) H Brown L Cassidy (Staff Trustee, Headteacher) (resigned 23 June 2016) J Chadd (resigned 29 September 2015) K Gilligan (from 23 June 2016) J Griffith A Henderson. (Staff Trustee, Chief Executive Headteacher and Accounting Officer) S Porthouse A McCully (Staff Trustee, Executive Bursar and Chief Financial Officer) G Muizelaar (resigned 23 June 2016) K Lakeman (resigned 23 June 2016) A McEvoy (resigned 23 June 2016) C McDermott (nee Wallace) (Staff Trustee, Headteacher) (resigned 23 June 2016) S Ruffell J West (Staff Trustee, Chief Executive Headteacher Designate)
Company Secretary	S Allan
Senior Leadership Team	
Chief Executive Headteacher	A Henderson
Chief Executive Headteacher Designate	J West
Executive Bursar	A McCully
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.
Solicitors	Thorp Parker Newtons, 13 High Street, Stokesley, Middlesbrough, TS9 5AD

Inspire Multi Academy Trust

Trustees' Report

For The Period Ended 31st August 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operate 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. As the most recent additions to the family of academies, Trustees welcomed Burnside and Fatfield Academies to the Trust on the 1st July 2016.

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 2016 the actual number on roll within each individual academy was: Farrington 415, New Penshaw 195, Plains Farm 217, Burnside 179 and Fatfield 213.

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.

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.

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 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.

Inspire Multi Academy Trust Trustees' Report (continued)

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
- in addition to the Trustees, 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 and utilise 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 2015/16 the Trustees held 17 meetings.

Following their appointment all new Trustees receive an introduction to their role from the Chair and Chief Executive Headteacher, this preliminary introduction includes 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, and provides them with copies of policies, procedures, minutes, accounts, budget, plans and other documentation.

The Trust subscribes to the Local Authorities Governor Training Programme which includes access to core training modules such as Safeguarding, RAISE online, Budget Management, SEN etc. as well as online training through the Modern Governor programme which covers all aspects of training from induction onwards. The Trust also procure specialist Safeguarding training via Pam Gartland Safeguarding First Ltd.

A Trustee Induction Pack provides further support for new appointees in the understanding of their roles and responsibilities.

Organisational Structure

The Multi Academy Trust's structure consists of three levels: Members, Trustees, and 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. Following the expansion of the Trust in summer 2016, membership Member and trustee level has been refined and strengthened.

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 the school leaders to account and driving forward improvements in performance, attainment and progress is delegated to the Local Governing Body of each respective Academy (overseen and monitored by Trustees), subject to the Company's Scheme of Delegation.

The Trustees are responsible for ensuring that the Governing Board fulfils its statutory obligations in a manner which will allow the Academy to fulfil its principal aims, ensuring procedures are in place to ensure regularity, propriety and value for money, setting general policy, adopting a 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

Inspire Multi Academy Trust Trustees' Report (continued)

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 Trustees, Chief Executive Headteacher and Chair of the Local Governing Body; the Headteacher of each Academy reports back to the Trustees termly on the outcomes of work in their school.

The Chief Executive Headteacher, her Designate and the Executive Bursar 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 her Designate will always be part of 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 at the beginning of each academic year and any salary enhancements or progression are linked to performance, through rigorous performance management procedures throughout the year.

Performance Managers 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 targets.

Trustees consider the performance of staff and achievement of their targets in relation to their pay on an annual basis during a Performance Committee Meeting held in the summer term where 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 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

Inspire Multi Academy Trust Trustees' Report (continued)

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 2016/2017

- to improve levels of attainment across the Trust to be in line 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
- improve the overall effectiveness of partnership working across the Trust

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

- Agreed robust accountability procedures with swift action if non compliance
- Refinement of agreed assessment systems and procedures
- Each Headteacher within the five academies has been given a strategic area of development to lead and improve to outstanding 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

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.

The school premises are used for a variety of activities including community football, 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. The progress measures for 2015/2016 are yet to be agreed in Parliament however at autumn 2016 it currently appears that all five academies are above the floor standards.

Inspire Multi Academy Trust academies all met the floor standard set by the Department for Education. The very positive Ofsted outcome for Farringdon, the sponsor Academy, in May 2014 produced an evidence base that presented Leadership and Management as outstanding, attainment and achievement, teaching and learning, pupil safety and behaviour at least good with many elements of outstanding. New Penshaw was inspected in Spring 2015 and was found to be a good school, whilst Plains Farm, also inspected in Spring 2015 was found to be a good school with outstanding EYFS provision. Fatfield Academy was inspected in May 2016 and was found to be a good school whilst Burnside Academy, also a good school was last inspected by Ofsted in September 2014.

Inspire Multi Academy Trust Trustees' Report (continued)

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 2016

2016	GLD	National
Farringdon	70%	69.3%
Plains Farm	70%	69.3%
New Penshaw	70%	69.3%
Fatfield	69%	69.3%
Burnside	64%	69.3%

Y1 Phonics 2016	Academy	National
Farringdon	73%	81%
Plains Farm	71%	81%
New Penshaw	75%	81%
Fatfield	83%	81%
Burnside	76%	81%

KS1 2016 At the expected Standard/ +	Reading	National	Writing	National	Maths	National
Farringdon	63%	74%	61%	65%	69%	73%
Plains Farm	69%	74%	69%	65%	66%	73%
New Penshaw	64%	74%	64%	65%	68%	73%
Fatfield	76%	74%	72%	65%	84%	73%
Burnside	75%	74%	75%	65%	75%	73%

KS1 2016 GDS	Reading	National	Writing	National	Maths	National
Farringdon	16%	24%	8%	13%	14%	18%
Plains Farm	10%	24%	7%	13%	14%	18%
New Penshaw	11%	24%	7%	13%	14%	18%
Fatfield	8%	24%	8%	13%	8%	18%
Burnside	25%	24%	25%	13%	6%	18%

KS2 2016 At the expected Standard	Reading	National	Writing	National	Maths	National	SPAG	National
Farringdon	59%	66%	78%	74%	57%	70%	59%	66%
Plains Farm	58%	66%	77%	74%	42%	70%	65%	66%
New Penshaw	80%	66%	80%	74%	68%	70%	60%	66%
Fatfield	77%	66%	77%	74%	67%	70%	87%	66%
Burnside	48%	66%	67%	74%	81%	70%	70%	66%

Inspire Multi Academy Trust Trustees' Report (continued)

KS2 2016	Combined Expected Standard	National	Combined High Level of Attainment	National
Farringdon	49%	53%	0%	5%
Plains Farm	42%	53%	0%	5%
New Penshaw	60%	53%	4%	5%
Fatfield	53%	53%	3%	5%
Burnside	48%	53%	0%	5%

KS2 2016 High Levels of Attainment	Reading	National	Writing	National	Maths	National	SPAG	National
Farringdon	6%	19%	8%	15%	0%	17%	0%	23%
Plains Farm	4%	19%	4%	15%	8%	17%	3.9%	23%
New Penshaw	31%	19%	8%	15%	19%	17%	0%	23%
Fatfield	17%	19%	13%	15%	13%	17%	30%	23%
Burnside	15%	19%	0%	15%	26%	17%	33%	23%

KS2 2016 Average Progress	Reading	National	Writing	National	Maths	National
Farringdon	-2.5	0	-1.4	0	-3.9	0
Plains Farm	+1.4	0	+2.4	0	-1.8	0
New Penshaw	+6.6	0	0	0	+2.7	0
Fatfield	+1.9	0	-1.1	0	-0.5	0
Burnside	-1.0	0	-0.1	0	+4.7	0

KS2 2016 Average Scaled Score	Reading	National	SPAG	National	Maths	National
Farringdon	99.5	103	98	104	98	103
Plains Farm	97.5	103	97.7	104	95.6	103
New Penshaw	106.8	103	103.7	104	103.7	103
Fatfield	105	103	106	104	103	103
Burnside	98.1	103	103	104	104	103

Progress Measures KS2 2016

- 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.

Floor Standard 2016

In 2016 a school will be above the floor if:

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

Inspire Multi Academy Trust Trustees' Report (continued)

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 2016.

The effective working relationships across the Trust ensures that our academies capacity for further improvement is evident across the Trust.

Assessment has been at the forefront of the Trust CPD programme, linked to the ever changing education landscape regarding pupil attainment and progress.

The expectations of Key Stage 2 changed considerably over the year and the Trust have responded to this over the year as they have occurred. The experiences of pupils taking Key Stage 2 SATs in 2016 have shown the great pressure that our children have felt this year with the uplifting of standards.

As one of our academy EYFS units was judged as outstanding in March 2015 we are working collaboratively to move the other academies EYFS to outstanding also.

Attendance, particularly persistent absenteeism has been extensively reviewed with governors, Trustees, staff and pupils, however there remains a small percentage of parents who have resisted attempts to seek improvements in their child's attendance. Academies continue to work closely with attendance officers 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 23.

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

In 2015/2016 the Trust invested GAG surpluses of £126K to further improve the assets of the Trust. The investment included £30K to establish a Head Office at Farringdon Academy which included the renovation of a disused accommodation block to provide dedicated office space for the executive team and a meeting room to facilitate meetings. The renovation included fitment of low energy LED lighting, re-decoration, fitment of new carpets and the renovation of a small kitchen and toilet area.

Trustees have agreed to invest in an ICT infrastructure upgrade at Burnside and Fatfield Academies with a view 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.

Inspire Multi Academy Trust Trustees' Report (continued)

During the period ending 31st August 2016 expenditure amounting to £4,883,000 was incurred or accrued. This was offset entirely by grants receivable from the Education Funding Agency (EFA), Local Authority grants and other funds.

No specific capital grant were awarded to the academies by the DFE to provide fixed assets, apart from the Devolved Formula Capital Grants (DFC). In accordance with the charities SORP 2005, the DFC grants received are shown in the Statement of Financial Activities as restricted asset funds.

As predicted in our 2014/2015 Trustees report, pupil numbers have increased across the Trust, supported by the full time nursery provision which we rolled out from 2014/2015. 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.

As a result of close working relationships, sharing of best practice and high expectations, attainment and progress has improved within the two sponsored academies which has been reflected in a rise in their pupil numbers that will secure increased funding from the EFA in future years. Rigorous tracking of assessment data should see this upward trend in performance continue.

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 EFA
- 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 2016 the level of Trust reserves held in restricted funds not available for general purposes is £389k plus a balance of unrestricted general funds of £424k giving a net surplus of £813k. 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. After consulting with Lloyds Bank Relationship Manager, Trustees agreed to make investment of £200k 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. When the funds come to maturity Trustees will 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/EFA and also the Local Government Pension Scheme (LGPS) deficit which represents a significant liability. 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.

Inspire Multi Academy Trust Trustees' Report (continued)

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 regularly 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.

In line with the expansion of the Trust in July 2016, the Trustees understood the financial risk of Burnside and Fatfield Primary Schools joining the Trust as both were facing end of year budget deficits. It was agreed that the inclusion of two further good schools would increase capacity in leadership and management, teaching and learning, attainment and progress, enabling the drive for excellence to be accelerated. Therefore, the use of the reserves budget to repay their deficit to the Department for Education was agreed.

Trustees have ensured that 2016/2017 budgets were balanced and met all of the school needs and have mitigated further risk through prudent budget planning and monitoring to ensure ongoing financial sustainability.

Plans for Future Periods

Our primary focus for the Trust in 2016/17 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 full time nursery provision within Fatfield and Burnside Academies
- develop further outdoor learning opportunities
- eradicating any inadequate or requires improvement teaching, raising the level of good teaching to at least 100% and driving the level of outstanding teaching to at least 50% or better
- refine rigorous systems of assessment, planning and reporting in line with national expectations
- reduce the levels of persistently absent pupils
- use our resources wisely, for the benefit of all pupils in the Trust.

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 premises.
- Creation of additional pupil toilet and changing facilities at Farringdon Academy within the nursery provision, in line with the DFE paper 'Advice on Standards for School Premises – March 2015'.
- Roofing replacement at New Penshaw, Plains Farm and Burnside Academies.
- Further investment in IT systems, hardware and infrastructure to satisfy future curriculum needs.
- Develop a Forest School at Fatfield Academy which is available across the Trust and accessible by other local schools/academies.
- Provision of a dedicated training centre at the Farringdon Head Office to provide a dedicated

Inspire Multi Academy Trust Trustees' Report (continued)

training venue for the benefit of the Trust and for commercial use.

Additional investment will also be sought through bids, for example the 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 2016 and signed on the board's behalf by:

[Signed]



M Foster
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 20 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	8	8
A McCully	6	8
A McEvoy	5	7
C McDermott	5	6
E Ashton	5	7
G Muizelaar	1	7
H Brown	7	8
J Chadd	1	1
J Griffith	8	8
J West	6	8
K Gilligan	0	2
K Lakeman	3	7
L Cassidy	5	6
M Foster	8	8
S Porthouse	4	8
S Ruffell	5	8

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.

The number of Trustees has reduced, providing a more focussed business board model, with

Inspire Multi Academy Trust

Governance Statement (continued)

Trustees bringing key areas of expertise to the table, for example HR, Finance, Education Leadership, Premises, Health and Safety etc.

Throughout 2015/2016, 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.

Trustees will work with the Chief Executive Headteacher Designate during the autumn term 2016 in the production of the Trust Improvement Plan for 2016/2017.

Trustees and Local Governing Bodies will undertake a Skills Audit during the autumn term 2016. The results of the audit will be analysed in the spring term 2017 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 and Staffing Committee (formerly Finance and General Purpose Committee)

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.

Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of a possible
A Henderson	4	4
A McCully	4	4
A McEvoy	1	1
C McDermott	2	2
E Ashton	2	2
H Brown	1	1
J Griffith	4	4
J West	3	3
L Cassidy	2	2
S Porthouse	3	4
S Ruffell	0	1

Audit Committee

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 Audit Committee will meet to:

- review the Trust Internal Audit reports following their termly audits of internal controls and governance arrangements across the Trust in 2015/2016
- meet with Baldwins Audit Services Limited, the external auditor

Inspire Multi Academy Trust

Governance Statement (continued)

An Audit Committee meeting will take place in the autumn term to review the report from Baldwins Audit Services Limited following their audit in autumn 2016.

Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of a possible
H Brown	1	2
J Griffith	2	2
K Lakeman	2	2
M Foster	1	1
S Ruffell	1	1

Personnel and Staff Performance Management Committee (formerly Personnel Committee)

The aims and objectives of the committee, as outlined in the approved Terms of Reference, in consultation with the Executive Headteacher and Academy Headteachers' is to keep under review and advise the Trustees on:

- 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
A Henderson	2	2
A McCully	2	2
A McEvoy	1	1
C McDermott	1	1
H Brown	3	3
J West	1	1
L Cassidy	1	1
M Foster	3	3
S Ruffell	0	3

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

Inspire Multi Academy Trust

Governance Statement (continued)

- Effective use of 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.

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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Trustees, in conjunction with trained Local Authority personnel, has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy Trust's significant risks that has been in place for the period 1st September 2015 up to 31 August 2016 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 risks
- 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 Local Authority Internal Auditor 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. On a timetabled basis Internal Audit will carry out checks and on an annual basis Internal Audit will report to the Trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

All three 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

Inspire Multi Academy Trust Governance Statement (continued)

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 July 2016 gave substantial assurance that the Academy Trust has effective expenditure 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 A Henderson 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 manager 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 2016 and signed on its behalf by:

[Signed]



M Foster

Chair of Trustees

[Signed]



J West

Acting Accounting Officer

Inspire Multi Academy Trust

Statement on Regularity, Propriety and Compliance

Trustees appointed Mrs Joanne West to the position of Chief Executive Headteacher Designate during the summer term 2016. Due to unforeseen circumstances, Mrs Henderson, Accounting Officer is currently absent from work therefore Mrs West has temporarily assumed the role of Accounting Officer, in lieu of Mrs Henderson's return to work.

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

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.

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 EFA.

[Signed]



J West

Acting 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 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

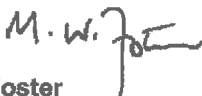
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 EFA/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 2016 and signed on its behalf by:

[Signed]



Mr M Foster

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

We have audited the accounts of Inspire Multi Academy Trust for the year ended 31 August 2016 set out on pages 23 to 44. The financial reporting framework that has been applied in their preparation is applicable law and 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', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the trustees, who are also the directors of Inspire Multi Academy Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Inspire Multi Academy Trust

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

- 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.

Graham Fitzgerald BA FCA DChA
(Senior Statutory Auditor)

Baldwins Audit Services Limited

for and on behalf of Baldwins Audit Services Limited

Chartered Accountants
Statutory Auditor
Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

Dated: *15/12/16*

Inspire Multi Academy Trust

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

In accordance with the terms of our engagement letter dated 23 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 EFA 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 EFA 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 EFA, 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 funding agreement with the Secretary of State for Education dated 1 April 2012 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. 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.

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Acting Accounting Officer
- discussions with the Acting Accounting Officer and finance team
- review of Internal Assurance report
- 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

Inspire Multi Academy Trust

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

- 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
- enquiries into transactions that may require disclosure under EFA delegated authority rules
- consideration of value for money and appropriateness of transactions

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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baldwins Audit Services Limited

Baldwins Audit Services Limited
Reporting Accountant

15/12/16

Dated:

Inspire Multi Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2016 (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 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	2	-	21	23	24
Transfer from Local Authority on conversion		13	-	2,966	2,979	-
Transfer on acquisition						-
Charitable activities:						
Funding for the academy trust's educational operations	3	56	4,476	-	4,532	4,061
Other trading activities	4	101	25	-	126	106
Investments	5	1	-	-	1	1
Total		173	4,501	2,987	7,661	4,192
Expenditure on:						
Raising funds	6	15	6	-	21	24
Transfer of deficit on acquisition		-	275	-	275	-
Charitable activities:						
Academy trust educational operations	7	73	4,355	159	4,587	3,969
Total		88	4,636	159	4,883	3,993
Net income / (expenditure)		85	(135)	2,828	2,778	199
Transfer between funds	17	(2)	(127)	129	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	17,25	-	(1,406)	-	(1,406)	50
Net movement in funds		83	(1,668)	2,957	1,372	249
Reconciliation of funds						
Total funds brought		341	(83)	4,744	5,002	4,753
Total funds carried forward		424	(1,751)	7,701	6,374	5,002

Inspire Multi Academy Trust
Balance Sheet as at 31 August 2016

Company Number 08287012

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed Assets					
Intangible assets	12		1	-	-
Tangible assets	13		7,637		4,701
Current Assets					
Stock	14	2		-	-
Debtors	15	241		196	
Cash at bank and in hand		1,159		876	
		<u>1,402</u>		<u>1,072</u>	
Liabilities					
Creditors: Amounts falling due within one year	16	(526)		(265)	
Net current assets			<u>876</u>	<u>807</u>	
Total assets less current liabilities			8,514	5,508	
Creditors: Amounts falling due after more than one year			-	-	
Net assets excluding pension liability			<u>8,514</u>	<u>5,508</u>	
Defined benefit pension scheme liability	25		(2,140)	(506)	
Total net assets			<u>6,374</u>	<u>5,002</u>	
Funds of the academy trust:					
Restricted funds					
- Fixed asset fund	17	7,701		4,744	
- Restricted income fund	17	389		423	
- Pension reserve	17	(2,140)		(506)	
Total restricted funds			<u>5,950</u>	<u>4,661</u>	
Unrestricted income funds	17		<u>424</u>	<u>341</u>	
Total funds			<u>6,374</u>	<u>5,002</u>	

The financial statements on pages 23 to 44 were approved by the trustees, and authorised for issue on 28th November 2016 and are signed on their behalf by:

Signed



.....
Mr M Foster

Chair of Trustees

Inspire Multi Academy Trust

Cash Flow Statement for the Year Ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	408	304
Cash flows from investing activities	22	(125)	(139)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		<u>283</u>	<u>165</u>
Cash and cash equivalents at 1 September 2015		876	711
Cash and cash equivalents at 31 August 2016	23	<u>1,159</u>	<u>876</u>

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

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

These financial statements are the first financial statements of Inspire Multi Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Inspire Multi Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Policies ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. (The trustees have also taken advantage of certain exemptions from the requirements of FRS102 permitted by FRS 102 Chapter 35 'Transition to this FRS').

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

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

Going Concern

The governors 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 governors 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.

The increase in the reported share of the LGPS deficit in the year has had a significant impact on our restricted funds, however we draw your attention to the cash reserves held by the academy as well as the balances held in unrestricted and restricted general reserves.

Income

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

- **Grants**

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

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

Capital grants are recognised when 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.

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period 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.

- **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.

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

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

Depreciation is provided on all tangible fixed assets 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 EFA allocated to Plains Farm and New Penshaw when they joined the trust. The EFA had advised that their valuation for the two new schools will not be available until October 2017. It was deemed prudent to reduce the Local Authority valuation to an amount that would appear more in line with the EFA. This will be reviewed when the EFA 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.

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Lease Assets

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

Investments

None held.

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 25, 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. 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 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 Funding Agency/Department for Education.

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

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 25, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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 2016
(continued)

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	21	21	20
Other donations	2	-	2	4
	2	21	23	24
2015 Total	4	20	24	

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE / EFA revenue grants				
- General Annual Grant (GAG)	-	3,359	3,359	3,076
- Other DfE/EFA grants	-	692	692	548
	-	4,051	4,051	3,624
Other Government Grants				
Local Authority Grants	-	355	355	321
Other government grants	-	-	-	1
	-	355	355	322
Other income from the academy trust's educational operations				
	56	70	126	115
	56	4,476	4,532	4,061
2015 Total	64	3,997	4,061	

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	11	-	11	11
Catering income	2	-	2	2
Other income	88	25	113	93
	101	25	126	106
2015 Total	97	13	106	

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	1	-	1	1
	1	-	1	1
2015 Total	1	-	1	

Inspire Multi Academy Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

6 Expenditure

	Non Pay Expenditure			Total 2016 £000	Total 2015 £000
	Staff Costs £000	Premises £000	Other £000		
Expenditure on raising funds	-	-	21	21	24
Academy's educational operations:					
- Direct costs	2,816		508	3,324	2,821
- Allocated support costs	599	218	446	1,263	1,148
	<u>3,415</u>	<u>218</u>	<u>975</u>	<u>4,608</u>	<u>3,993</u>
2015 Total	<u>2,865</u>	<u>241</u>	<u>887</u>	<u>3,993</u>	

Net income/(expenditure) for the period includes:

	2016 £000	2015 £000
Operating leases rentals	10	12
Depreciation	159	133
(Gain)/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)	-	-
Fees payable to auditor for:		
- Audit	12	12
- Other Services	4	2
	<u>185</u>	<u>159</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.

Inspire Multi Academy Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

7 Charitable Activities

	Total 2016 £000	Total 2015 £000
Direct costs – educational operations	3,324	2,821
Support costs – educational operations	1,263	1,148
	<u>4,587</u>	<u>3,969</u>
Analysis of support costs		
Support staff costs	599	519
Depreciation	4	2
Technology costs	18	14
Premises costs	218	241
Other support costs	349	305
Governance costs	75	67
Total support costs	<u>1,263</u>	<u>1,148</u>

8 Staff

a. Staff costs

Staff costs during the period were:

	2016 £000	2015 £000
Wages and salaries	2,637	2,280
Social security costs	201	154
Operating costs of defined benefit pension schemes	433	338
	<u>3,271</u>	<u>2,772</u>
Supply staff costs	120	63
Staff restructuring costs	7	25
	<u>3,398</u>	<u>2,860</u>
Staff restructuring costs comprise:		
Redundancy payments	-	25
Severance payments	7	-
	<u>7</u>	<u>25</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs was one non-statutory/non contractual severance payment of £7,000 (2015: £25,451).

c. Staff numbers

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

	2016 No.	2015 No.
Teachers	40	38
Administration and support	92	80
Management	5	5
	<u>137</u>	<u>123</u>

Inspire Multi Academy Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

d. Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	2	-
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

The above employees participated in the Teachers' Pension Scheme.

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) received by key management personnel for their services to the academy trust was £303,298 (2015:£265,706).

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 AE Henderson (Chief Executive Headteacher and trustee):

Remuneration	£115,000 - £120,000 (2015: £100,000 - £105,000)
Employer's pension contributions	£15,000 - £20,000 (2015: £10,000 - £15,000)

Miss A McCully (Executive Bursar and trustee):

Remuneration	£55,000 - £60,000 (2015: £50,000 - £55,000)
Employer's pension contributions	£10,000 - £15,000 (2015: £10,000 - £15,000)

Mrs J West (Head teacher and trustee):

Remuneration	£75,000 - £80,000 (2015: £70,000 - £75,000)
Employer's pension contributions	£10,000 - £15,000 (2015: £5,000 - £10,000)

The following Trustees resigned from their positions as Trustees on the 23rd June 2016. They continue in their employment with the Academy Trust

Mrs C McDermott (Head teacher and trustee):

Remuneration	£50,000 - £55,000 (2015: £35,000 - £40,000)
Employer's pension contributions	£5,000 - £10,000 (2015: £5,000 - £10,000)

Miss L Cassidy (Head teacher):

Remuneration	£50,000 - £55,000 (2015: £55,000 - £60,000)
Employer's pension contributions	£5,000 - £10,000 (2015: £5,000 - £10,000)

During the period ended 31 August 2016 no travel and subsistence expenses (2015: £0) were reimbursed to trustees.

Other related party transactions involving the trustees are set out in note 26.

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

10 Central Services

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

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

The trust charges for these services during the current accounting period have been based upon a 5% contribution from each Academy's General Annual Grant. Both New Peshaw Academy and Plains Farm Academy have made financial contributions towards the central services with Farringdon Academy's contribution been by means of staffing support.

As of the 1st July 2016, Burnside and Fatfield Academies joined the Inspire family of academies. Upon conversion, at the point of transfer both predecessor school maintained budgets were in a deficit position. To ensure their financial sustainability moving forward, Trustees therefore agreed that for 2015/2016 the academies would not be required to contribute to central services.

The actual amounts charged during the year were as follows:

	2016 £000
Farringdon Academy	87
New Peshaw Academy	55
Plains Farm Academy	60
	<u>202</u>

11 Trustees' and Officers' Insurance

Each Academy within the Trust has opted into the Department of Education's Risk Protection Arrangement (RPA) which is an alternative insurance arrangement where losses that arise are covered by UK government funds. The RPA protect the academy trusts against losses due to any unforeseen circumstances and unexpected events. The RPA arrangements includes Governors Liability. The limit of liability in respect of each academy is £10,000,000 for each and every loss and is the maximum aggregate liability for each academy during any one year membership. The cost of the RPA is currently £25 per pupil which is to reduce to £20 per pupil in 2016/17.

12 Intangible fixed assets

	Licences £000	Total £000
Cost		
At 1 September 2015	-	-
Additions	2	2
Disposals	-	-
At 31 August 2016	<u>2</u>	<u>2</u>
Amortisation		
At 1 September 2015	-	-
Charged in year	1	1
Disposals	-	-
At 31 August 2016	<u>1</u>	<u>1</u>
Net book values		
At 31 August 2015	-	-
At 31 August 2016	<u>1</u>	<u>1</u>

Inspire Multi Academy Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

13 Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost						
At 1 September 2015 - restated	-	4,733	59	183	-	4,975
Additions	-	38	45	59	-	142
Disposals	-	-	-	-	-	-
Additions from new academies	-	2,922	6	24	-	2,952
At 31 August 2016	-	7,693	110	266	-	8,069
Depreciation						
At 1 September 2015 - restated	-	185	5	84	-	274
Charged in year	-	101	9	48	-	158
Disposals	-	-	-	-	-	-
At 31 August 2016	-	286	14	132	-	432
Net book values						
At 31 August 2015	-	4,548	54	99	-	4,701
At 31 August 2016	-	7,407	96	134	-	7,637

14 Stock

	2016 £000	2015 £000
Stationery	2	-
	<u>2</u>	<u>-</u>

15 Debtors

	2016 £000	2015 £000
Trade debtors	2	7
VAT recoverable	88	61
Other debtors	1	-
Prepayments and accrued income	150	128
	<u>241</u>	<u>196</u>

16 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	86	79
Other taxation and social security	82	89
EFA creditor: abatement of GAG	-	-
Provision	43	-
Other Creditors	222	16
Accruals and deferred income	93	81
	<u>526</u>	<u>265</u>

Deferred income

	2016 £000	2015 £000
Deferred Income at 1 September 2015	59	51
Resources deferred in the year	55	59
Amounts released from previous years	(59)	(51)
Deferred Income at 31 August 2016	<u>55</u>	<u>59</u>

Inspire Multi Academy Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

At the balance sheet date the multi academy trust was holding funds received in advance Academy Infant free School Meals £50,348, rates relief £5,016 and childcare vouchers £120.

17 Funds

	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/EFA 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 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.

The gross transfer from the restricted general to the restricted fixed asset fund of £126,645 represents the capital expenditure from the GAG and other grants during the period.

The gross transfer from the unrestricted funds to the restricted fixed asset fund of £2,448 represents the capital expenditure from unrestricted funds.

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.

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

Inspire Multi Academy Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total
	£000
Farringdon Academy	345
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	<u>812</u>
Restricted fixed asset fund	7,701
Pension reserve	<u>(2,140)</u>
Total	<u>6,373</u>

Burnside and Fatfield Maintained Schools joined Inspire Trust on 1st July 2016. At the time of transfer both academies had deficit balances. Discussions are on-going with EFA in relation to treatment of these balances.

	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	<u>2,816</u>	<u>582</u>	<u>219</u>	<u>1,107</u>	<u>4,724</u>	<u>3,860</u>

18 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£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	<u>424</u>	<u>(1,751)</u>	<u>7,701</u>	<u>6,374</u>
2015 Total	<u>341</u>	<u>(83)</u>	<u>4,744</u>	<u>5,002</u>

Inspire Multi Academy Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

19 Operating Leases

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Amounts due within one year	16	10
Amounts due between one and five years	30	12
Amounts due after five years	0	0
	<u>46</u>	<u>22</u>

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

	2016 £000	2015 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	2,778	199
Adjusted for:		
Amortisation	1	-
Depreciation (note 13)	158	133
Capital grants from DfE and other capital income	(21)	(20)
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 25)	(21)	(12)
Defined benefit pension scheme finance cost (note 25)	17	17
(Increase)/decrease in stocks	(2)	-
(Increase)/decrease in debtors	(18)	(50)
Increase/(decrease) in creditors	221	38
Net cash provided by / (used in) Operating Activities	<u>408</u>	<u>304</u>

21 Cash flows from financing activities

	2016 £000	2015 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	<u>-</u>	<u>-</u>

22 Cash flows from investing activities

	2016 £000	2015 £000
Dividends, interest and rents from investments	1	1
Proceeds from sale of tangible fixed assets	-	-
Purchase of intangible fixed assets	(2)	-
Purchase of tangible fixed assets	(145)	(160)
Capital grants from DfE/EFA	21	20
Capital funding received from sponsors and others	-	-
Net cash outflow from capital expenditure and financial investment	<u>(125)</u>	<u>(139)</u>

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Analysis of cash and cash equivalents

	At 31 August 2016 £000	At 31 August 2015 £000
Cash in hand and at bank	1,159	876
Notice deposits (less than 3 months)	-	0
Total cash and cash equivalents	1,159	876

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.

25 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 2013.

Contributions amounting to £74,999 (2015: £43,236) were payable to the schemes at 31 August 2016 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

Not less than every four years 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%))

Inspire Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

- 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 will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019. – Changed to reflect the wording in accounts direction.

The pension costs paid to TPS in the period amounted to £391,031 (2015: £315,060).

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 2016 was £260,267 (2015: £210,000), of which employer's contributions totalled £207,162 (2015: £167,000) and employees' contributions totalled £53,105 (2015: £43,000). The agreed contribution rates for future years are 23.6% increasing to 27.4% from April 2017 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 2016	At 31 August 2015
Rate of increase in salaries	3.4%	3.6%
Rate of increase for pensions in payment/inflation	1.9%	2.1%
Discount rate for scheme liabilities	2.0%	3.8%
Inflation assumption (CPI)	1.9%	2.1%
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 2016	At 31 August 2015
<i>Retiring today</i>		
Males	23.2	23.1
Females	24.8	24.7
<i>Retiring in 20 years</i>		
Males	25.3	25.1
Females	27.1	27.0

Inspire Multi Academy Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

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

	Fair Value at 31 August 2016 £000	Fair Value at 31 August 2015 £000
Equity instruments	1,970	1,191
Property	297	167
Government bonds	113	65
Corporate bonds	342	209
Cash	89	57
Other	160	110
Total market value of assets	2,971	1,799

The actual return on scheme assets was £385,000 (2015: £53,000).

Amount recognised in the Statement of Financial Activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(186)	(155)
Net interest cost	-	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	(186)	(155)

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

	2016 £000	2015 £000
At 1 September	2,305	2,078
Upon conversion	-	-
Current service cost	186	155
Interest cost	93	78
Employee contributions	53	43
Actuarial (gain) / loss	1,716	(58)
Benefits paid	(18)	9
Net increase in liabilities from acquisitions	776	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	5,111	2,305

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

	2016 £000	2015 £000
At 1 September	1,799	1,527
Upon conversion	-	-
Interest income	76	61
Return on plan assets (excluding net interest on the net defined pension liability)	-	-
Actuarial gain/(loss)	310	(8)
Employer contributions	207	167
Employee contributions	53	43
Benefits paid	(18)	9
Net increase in assets from acquisitions	544	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	2,971	1,799

26 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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

27 Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below

Reconciliation of net income/(expenditure)	Notes	31 August 2015 £000
Net income/(expenditure) previously reported under UK GAAP		246
Change in recognition of LGPS interest cost	A	(47)
Employee benefits accrual	B	-
Restatement of Land and Buildings carrying amounts	C	-
Net movement in funds reported under FRS 102		<u>199</u>

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income

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by £47,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.

B – Recognition of outstanding employee benefits

No other material adjustments are required.

C – Restatement of Land and Buildings carrying amounts

The carrying cost of the land and buildings in relation to Plains Farm and New Penshaw have been aligned to the EFA valuation with realignment of the depreciation value to correspond to the updated carrying cost.

28 Conversion to an Academy Trust

On 1 July 2016 Burnside Primary and Fatfield Primary Schools converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Inspire Multi Academy Trust from Sunderland City Council Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding amounts recognises in the Statement of Financial Activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible Fixed Assets				
- Freehold / Leasehold Land & Buildings	-	-	2,922	2,922
- Other Tangible Fixed Assets	-	-	30	30
Budget Surplus / (Deficit) On LA Funds	-	(43)	14	(29)
Budget Surplus / (Deficit) On Other School Funds	13	-	-	13
LGPS Pension Surplus / (Deficit)	-	(232)	-	(232)
Net Assets	13	(275)	2,966	2,704