

**Company Registration Number: 08540699 (England and Wales)**

**INSPIRING PRIMARIES ACADEMY TRUST**  
**(A company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**INSPIRING PRIMARIES ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INSPIRING PRIMARIES ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**Members**

T Stafford  
H K Christie  
M Snow  
G E Read  
The Diocese of Leicester Education Trust

**Trustees**

P Bell  
K A Campbell  
G E Read  
M E Sandford (CEO)  
J R G Taylor  
I H Baines (resigned 4 September 2018)  
J Robson  
R Howes  
D O Wright (resigned 26 February 2018)  
P A Grimwood  
J Clarke

**Company registered number**

08540699

**Company name**

Inspiring Primaries Academy Trust

**Principal and registered office**

Church Lane, Gilmorton, Lutterworth, Leicestershire, LE17 5EU

**Senior management team**

Marie Sandford, CEO  
Melanie Nichols, CFO

**Independent auditors**

Magma Audit LLP, 16 Davy Court, Castle Mound Way, Rugby, CV23 0UZ

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

During the year ending 31 August 2018, Inspiring Primaries Academy Trust consisted of the following Academies in South and West Leicestershire: All Saints CE Primary School in Sapcote, Claybrooke Primary School, Gilmorton Chandler CE Primary School, John Wycliffe Primary School, Sharnford CE Primary School, St Margaret's CE Primary School in Stoke Golding, St Mary's CE Primary School in Bitteswell and Ullesthorpe CE Primary School.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**a. Constitution**

The Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Academy Trust.

The Trustees of Inspiring Primaries Academy Trust are also the directors of the charitable company for the purpose of company law.

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

**b. 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.

**c. Trustees' indemnities**

Trustees benefit from indemnity insurance purchased at the Trust's expense to cover the liability of the trustees by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust: Provided that any such insurance shall not extend to; (i) any claim arising from any act or omission which Trustees know to be a breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not; and (ii) the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Trust. Further, this Article does not authorise a Trustee to benefit from any indemnity insurance that would be rendered void by any provision of the Companies Act 2006, the Charities Act 2011 or any other provision of law.

**d. Method of recruitment and appointment or election of Trustees**

Trustees are appointed in accordance with the company's Articles of Association. The Academy Trust shall have the following Trustees:

The Members (named in the Reference and Administration Details on Page 1) shall appoint a minimum of five trustees. The Chief Executive Officer (CEO) shall be treated for all purposes as being an Ex Officio Trustee. A minimum of two Parent Trustees shall be appointed if no Local Governing Bodies are appointed. Parent Trustees shall be elected by the parents of registered pupils at the Academies and each must be a parent at the time when he/she is elected or appointed.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The term of office for any Trustee (other than co-opted Trustees) shall be four years, save that this time limit shall not apply to the CEO. Subject to remaining eligible to be a particular type of trustee, any Trustee may be re-appointed or re-elected.

**e. Policies and procedures adopted for the induction and training of Trustees**

The training for each new Trustee will depend on their existing experience. Where necessary, induction will include relevant training on key aspects of their roles and responsibilities - either in-house or through external providers as appropriate. New Trustees will be given the opportunity to meet in the various academies of the Trust and to meet with key staff. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, risk registers and development plans that they will need to undertake their roles.

**f. Organisational structure**

The governance and management of the Trust comprises the following elements:

Members - are ultimately responsible for: signing off the Annual Report and Accounts; the appointment and removal of Trustees; and agreeing amendments to the Articles of Association and Funding Agreement.

Trustees - are responsible for the effective management and performance of the Trust. The Trustees will hold at least four meetings each year. The Trustees can also appoint separate committees for each Academy to be known as Local Governing Bodies; and can establish any other committees they deem to be necessary. These other committees can include persons who are not Trustees as long as the majority of members on any such committee are Trustees. The Trustees shall appoint the CEO and be involved in the appointment of Headteachers of member Academies, and may delegate such powers and functions as they consider necessary.

Local Governing Bodies (LGBs) - these will have powers and functions delegated to them by the Board of Trustees. LGBs may be paired where the Academies are in an Executive Headteacher arrangement. In exceptional situations of poor performance, the Board of Trustees may intervene and replace a LGB with an Academy Council.

Chief Executive Officer - will be recruited by the Board of Trustees and is directly accountable to the Board. The Board is responsible for the performance management of the CEO. The CEO is responsible for the performance of all Academies in the Trust; and is involved in the performance management of the Headteachers of the participating academies. The CEO is the Accounting Officer of the Trust.

Headteachers' Group - this group comprises the Headteachers of schools within the Trust. The group will support the CEO in securing the vision, development and high performance of the Trust.

Central Management Team - this comprises the Chief Financial Officer (CFO) and administrative support. The team works directly to the CEO.

**g. Pay policy for key management personnel**

The policy and procedures for setting the pay and remuneration of the CEO and CFO is determined by the Board of Trustees. In addition, the Board will:

- Review the staffing structure of the Trust based on plans presented by the CEO/CFO and funds available for the Trust.
- Ensure that a consistent approach to performance management is adopted across the Trust.
- Consider and approve a pay policy for the Trust and ensure that a consistent approach to pay review is in place across the Trust.
- Ensure that the Trust adopts an appropriate range of personnel procedures e.g. disciplinary, grievance, capability and remuneration.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The pay and remuneration of the CEO and CFO is determined through the approved pay policies and progression is based on performance management which must be reported to and approved by the Board of Trustees.

**h. Trade union facility time**

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

**Relevant union officials**

Number of employees who were relevant union officials during the year	<b>1</b>
Full-time equivalent employee number	<b>1</b>

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1%-50%	<b>1</b>
51%-99%	-
100%	-

**Percentage of pay bill spent on facility time**

	£	
Total cost of facility time	<b>370</b>	
Total pay bill	<b>4,850,000</b>	
Percentage of total pay bill spent on facility time	-	%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	<b>100</b>	%
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**i. Connected organisations, including related party relationships**

Trustees have declared no business interests directly related to the Trust and where any Trustee should declare an interest, procedures are in place to address this. The Trust has adopted a policy that if there are any interests declared the Trustee would remove themselves from the decision making process. There are no related parties to Inspiring Primaries Academy Trust other than the Leicester Church of England Diocese. The CEO is a member of number of professional organisations which enable her to keep abreast of current educational matters and network with other CEOs/Trusts to share expertise, knowledge and experience. As part of its work, the Trust has strategic partnerships with Thomas Estley Learning Alliance and Leicestershire Primary Heads in order to provide high quality education.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**OBJECTIVES AND ACTIVITIES**

**a. Objects and aims**

The object of the Trust, as set out in the Articles of Association, is:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Funding Agreement), and in having regard to the advice of the Diocesan Board of Education.

Its aims are:

- To appreciate the trust placed in us in educating children, promoting their personal development and well-being;
- To appreciate the trust placed in us in serving our communities;
- To promote excellence, personal achievement and the realisation of each and every child's potential, irrespective of their gender, race, faith, ability or background;
- To promote the pursuit of excellence by every person every day, celebrating performance inside schools and the wider world;
- To ensure well disciplined, caring environments built on shared values;
- To ensure every school is a hub for the community it serves and is a source of immense pride;
- To provide high quality buildings and engaging classrooms with up to date technologies.

**b. Objectives, strategies and activities**

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance and public benefit. All Academies within Inspiring Primaries Academy Trust offer all pupils a broad, balanced yet rigorous curriculum. The pupils who attend the schools live in and around the parishes served. Each school offers a number of extra-curricular and enrichment opportunities to develop learning beyond the classroom.

Our key objectives are to achieve excellent learning outcomes for all pupils in Inspiring Primaries Academy Trust through effective, sustainable school improvement due to skilled teaching, leadership and governance and to develop a secure foundation for sustainable growth.

**c. Public benefit**

Inspiring Primaries Academy Trust is a Charitable Trust which seeks to benefit the public throughout the pursuit of its stated aims.

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**ACHIEVEMENTS AND PERFORMANCE**

**a. Key performance indicators**

The main charitable activity undertaken by the Trust is the delivery of a high quality education to all pupils in its care. Results across the Trust are mainly in line with national figures:

Early Years	IPAT schools 2018	IPAT schools 2017	National 2018	Year 1 Phonics Screening	IPAT schools 2018	IPAT schools 2017	National 2018
Good Level of Development	66%	73%	72%	Pass rate	78%	81%	83%

End Key Stage 1						
Subject	Expected standard or above			Above expected standard		
	IPAT 2018	IPAT 2017	National 2018	IPAT 2018	IPAT 2017	National 2018
Reading	82.4%	72.8%	75.5%	29.2%	24.6%	25.7%
Writing	82.4%	65.1%	70.0%	17.0%	15.4%	15.9%
Maths	81.9%	70.3%	76.1%	25.0%	16.4%	21.8%
RWM combined	68.6%	58.5%	65.4%	13.7%	10.3%	11.7%

End Key Stage 2									
Subject	Expected standard or above			Above expected standard			Scaled score		
	IPAT 2018	IPAT 2017	National 2018	IPAT 2018	IPAT 2017	National 2018	IPAT 2018	IPAT 2017	National 2018
Reading	79.2%	72.8%	75.3%	31.3%	33.5%	28.1%	105.7	105.6	105.0
Writing	78.6%	71.2%	78.3%	20.3%	14.1%	19.8%	NA		
Maths	77.6%	68.6%	75.6%	20.3%	22.5%	23.6%	104.2	103.8	104.4
RWM combined	65.6%	58.6%	64.4%	10.4%	8.4%	9.8%	NA		
GPS	77.1%	72.8%	77.7%	37.0%	30.4%	34.4%	106.1	105.4	106.2

Areas for development are:

- To raise attainment by the end of EYFS and in phonics screening check
- To raise attainment in all core curriculum areas at greater depth by the end of both Key Stages 1 and 2
- Improve outcomes for pupils within the groups of FSM, CLA and GRT
- Recruitment, retention and talent management

**Other Key Performance Indicators**

The Trust has identified the following indicators which have been used for benchmarking during 2017-18 and reviewing budgets for 2018-19.

Indicator	Actual 2017/18	Budget 2018-19
<b>Staff pay as % of expenditure</b>		
Leadership (some of which includes teaching commitment)	13.35%	14.2%
Teachers	33.16%	33.93%
Classroom Support Staff	17.7%	20.06%
Other Support Staff	7.63%	7.53%
Premises Staff	2.72%	2.87%
Agency	1.66%	1.36%

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**FOR THE YEAR ENDED 31 AUGUST 2018**

Staff funded from self generated Income	0.45%	0.56%
<b>Average Teacher Cost</b>	£47,850	£49,662
<b>Pupil: teacher Ratio</b>	21.08	22.56
<b>Teacher Contact ratio</b>	77.2%	78.1%
<b>Average Class Size</b>	25.81	26.93
<b>Spend per Pupil</b>		
Staff Costs	£3,741	£3,658
Total expenditure	£4,880	£4,472

**b. Going concern**

After making appropriate enquiries, the Board of Trustee 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 accounting policies.

**FINANCIAL REVIEW**

**a. Reserves policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding.

The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be approximately £408,000 or 8.33% of GAG. Actual free reserves plus unspent GAG as at 31 August 2018 were £547,134, being approximately £139,000 higher than the target level set by the Trustees due to the following:

- Uncertainties regarding Minimum Funding Guarantees post 2019/20;
- Contribution towards 2018/19 CIF Funding, primarily for boilers as these represent the highest risk to the operations of the Trust but due to the size of the schools involved any resultant energy savings are negligible;
- Due to the size of the schools in the Trust, there are a large number of building improvement works under the £25,000 threshold required for CIF funding that need to be carried out;
- Funding for growth in 2 schools which are moving from single form entry to 1.5 / 2 form entry respectively but which is not covered in the first year under the lagged funding arrangements;
- 1 year support for a school impacted by timing of returning traveller pupils. i.e. one week after census date;
- 1 year additional targeted support for one school to improve outcomes;
- Cost of CFO / central admin support for one year pending growth of the trust & impact of procurement savings;
- 3% of GAG contingency for unforeseen operational issues including support for new SEND pupils awaiting EHCPs, reactive building repairs, variations to assumed staff pay awards etc.

The Academy also held other available restricted funds at the year end of £119,294 being unspent grants. Total available reserves, being both the above figures at 31 August 2018 were £666,428. Cash at bank at 31 August 2018 was £376,190, higher than total available reserves due principally to accruals timing differences at the year end.

At 31 August 2018 the Academy's fixed asset reserve of £4,470,820, represented funds which could only be realised if the assets were sold.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The only reserve in deficit at the year end was the pension reserve (deficit of £1,824,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

**b. Material investments policy**

If the Academy Trust is able to generate better returns than currently provided in the deposit account, it may undertake other investments. All investments, outside of the deposit account, will be made on a risk-averse basis, taking ethical considerations into account and need Trust Board approval. The aim is to ensure that funds which the Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Trust's income but without risk. Our aim is to spend the publicly funded monies with which we are entrusted for the direct education benefit of pupils as soon as is prudent. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of best practice as and when circumstances allow.

**c. Principal risks and uncertainties**

The Trust maintains a risk register which is reviewed by the Board of Trustees to ensure that satisfactory arrangements are in place to manage risk. There is a termly review of all risk management issues led by the CFO and CEO, however there is ongoing review in response to situations or new legislation or information.

The key risks identified by the Trustees are:

- A decline of pupils' attainment and school performance. This is mitigated by rigorous monitoring of performance, a continued focus on high quality teaching, early identification and tracking of vulnerable and under-performing groups and developing and improving governance;
- Failure to manage finances effectively resulting in financial insecurity and instability. This is mitigated by the appointment of a suitably experienced and qualified CFO, appropriate finance management processes and systems implemented across the Trust and regular training for all business/office managers;
- The Trust becomes over-reliant on the CEO and CFO for the management and development of the Trust. This is mitigated by the creation of leadership and teaching groups to build knowledge and capacity, together with succession planning;
- Liability for building maintenance and repairs being beyond the Trust's financial capacity to address. This is mitigated by robust due diligence processes, close collaboration and communication with the LA and DBE prior to completing the Commercial Transfer Agreements to ensure the LA fulfils its responsibilities and close liaison with the ESFA re potential maintenance grants for identified priorities.

The Trustees are satisfied that systems are in place to mitigate exposure to major risks.

At 31 August 2018 the pension deficit on the Local Government Pension Scheme stood at £1,824,000. The Trust has mitigated its risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known, when they are updated every three years.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of Academy closure, outstanding pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

**d. Financial review**

The Academy had a net increase in funds for the year ended 31 August 2018 of £452,330 including fixed assets movements but excluding pension reserve movements. As at 31 August 2018 the Academy held £450,184 of unrestricted reserves plus £216,244 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £666,428.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £1,824,000 at 31 August 2018 and a fixed asset reserve of £4,470,820, being the book value of past purchases.

There are no significant factors going forward that are expected to impact on the normal continuing operation of the Academy. The principle financial management policies adopted in the period are included in the Academy's internal financial policies and are typical for an Academy Trust of this size and type. There were no unusual significant events worthy of comment during the year.

The principal sources of funding for the Academy are the General Annual Grant (GAG) and other ESFA Group grants, such as Pupil Premium. This funding has been used to support the key educational objectives of the Academy Trust, subject to any remaining reserves.

The Academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

### **FUNDRAISING**

The Trust does not yet have a co-ordinated fundraising approach and during the year to 31st August 2018, the schools carried out local fundraising activities similar to those that were done when they were maintained schools.

Funds were raised through the following activities:

- PTA or school parent helper organised events such as fetes & fairs and other social or sponsored activities.
- Your School Lottery, which is administered by Gatherwell, and registered with the Gambling Commission. Communication with parents is carried approx. once a term advising parents that the lottery exists, how their contributions are split between prizes, schools and administration, and advising them how they can participate.
- Donations from local charitable or endowment trusts.
- Grants from the National Lottery and other national or local business organisations.

### **PLANS FOR FUTURE PERIODS**

#### **a. Future developments**

The Trust is centred on schools working in collaboration to ensure sustainable improvement. The growth model is centred on capacity, ensuring that the Trust has the internal capacity, both within the central team and our partner schools, to effect positive change in supporting all schools to become outstanding.

Achieving high standards of academic results is a constant aim whilst maintaining the breadth and depth of wider education to develop the whole child. The Trust's future plans are financed from income direct from the ESFA related to pupil numbers and other lump sum factors. Trustees will ensure funding is invested appropriately for the next generation of pupils as they have done in the past for current pupils. Maintaining and, where necessary, developing the fabric of the facilities (including technology) of our schools is central to our strategy.

#### **Funds held as custodian**

No funds are held on behalf of others.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

**Auditors**

The auditors, Magma Audit LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' report was approved by order of the Board of Trustee, as the company directors, on 5 December 2018 and signed on its behalf by:



**G E Read**  
**Chair of Trustees**

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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that Inspiring Primaries 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 Trustee has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Inspiring Primaries Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustee 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 Trustee has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustee was as follows:

Trustee	Meetings attended	Out of a possible
P Bell	2	4
K A Campbell	2	4
G E Read	2	4
M E Sandford (CEO)	4	4
J R G Taylor	4	4
I H Baines	2	4
J Robson	3	4
R Howes	3	4
D O Wright	2	2
P A Grimwood	3	4
J Clarke	2	4

The Board of Trustees is responsible for the strategic direction of the Trust. It has made central staff appointments, approved Trust policies and has determined the level of delegation to Local Governing Bodies. The Board of Trustees comprises people with a proven track record of school improvement or expertise in the core areas of finance, legal and premises issues. Each term a data dashboard is presented to the Board of Trustees by the CEO and CFO. The Board has approved the quality of data provided in order to discharge its duties accordingly.

Following the formation of the multi academy trust, the following aims for restructuring the Board of Trustees were identified:

- implement a model of governance which is fit-for-purpose for a multi-academy trust;
- ensure that trustees have a relevant range of skills, expertise and experience to support effective governance;
- ensure accountability and effective communications between schools, the Board and members;
- ensure that governance is effective at all levels across the Trust;
- avoid duplication of debate and decision-making at Trust and local governing body level, and ensure that this happens in the most appropriate place;
- ensure the efficient use of headteacher/CEO and governor/trustee time by standardising documents where possible and avoiding duplication.

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**GOVERNANCE STATEMENT (continued)**

**Review of Value for Money**

As Accounting Officer, the CEO has responsibility for ensuring that the 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 Trustee where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by streamlining central services and procuring service level agreements for the Trust.

**Improving Educational Outcomes:**

The principle aim of Inspiring Primaries Academy Trust is to ensure long-term sustainable improvement in order to impact significantly on the life chances of the children and families within the partnership schools. The Trust is committed to providing the very highest quality teaching and learning to secure the best possible outcomes for all pupils.

**This is demonstrated by:**

- Targeted funds (e.g. pupil premium) are ring-fenced within spending plans and used to improve performance, attendance and behaviour by those pupils identified to receive funding via those sources. The effectiveness of these interventions is evaluated through performance data;
- Resources are targeted in line with development plan priorities ensuring that they are directed to where they are most needed and are most effective in meeting the educational needs;
- Co-ordinated and collaborative working across the Trust schools;
- A half termly Trust CEO meeting to review the performance of each school in the following areas: attainment, learning and progress; teaching and learning; leadership and management; capacity to improve; behaviour and safety; narrowing the gaps for vulnerable pupils; additional support needs; finance and business; pupil voice; buildings and engagement;
- School improvement support is provided by designated NLG, NLE or SLEs;
- Action plans are implemented and progress against these are monitored through visits and our peer challenge review process.

**Better Purchasing:**

Goods and services purchased are done so to achieve value for money in terms of suitability, efficiency, time and cost. All contracts are reviewed on an annual basis to ensure that they are fit for purpose and provide good value in all aspects. Examples include:

- Securing trust-wide contracts e.g. payroll, HR, health and safety compliance to get the best mix of quality, service and cost;
- Exploring alternative purchasing options (both on-line and direct suppliers) even for small purchases to ensure value for money;
- Requiring suppliers to compete on the grounds of cost, quality and suitability of goods and services;
- Competitive tendering procedures including option appraisal of the costs and benefits of alternatives over the longer term;
- Benchmarking financial performance against other academy trusts and similar schools;
- Use of CCS and other purchasing frameworks;
- Moving to a centralised cloud based accounting system instead of standalone local ones, resulting in significant cost savings and improved operational efficiencies.

**Maximising Income Generation:**

Processes are in place to maximise income including:

- Trust and central staff providing support and consultancy services to other schools;
- Maximising income generation opportunities - extended services, lettings, NLE, SLE and inspection deployments;
- Promoting take up of in-house before and afterschool club provision where applicable.

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**GOVERNANCE STATEMENT (continued)**

**Reviewing Controls and Managing Risks:**

Regular budget monitoring reports are produced and reviewed by the CFO, CEO, Business/Office Managers and Headteachers and any necessary remedial action taken to address any significant variances that may have an impact on the budget out-turn. Budget reports are reviewed by the Trustees and Local Governing Body representatives, as well as by budget holders at least termly, in order to ensure that spending is within budget. Actions taken to mitigate risk are outlined in the strategic risk register and the more detailed operational risk register maintained by the Trust's strategic leadership team. Both registers are reviewed termly and where appropriate, professional advice e.g. Legal, HR, Finance has been sought.

**Reviewing Operation to Maximise Use of Resources:**

The Trust strategic leadership review expenditure within each budget heading on a termly basis and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer and any new strategies identified in the Trust and School Development Plans.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Inspiring Primaries Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Board of Trustee has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustee is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustee.

**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 periodic financial reports which are reviewed and agreed by the Board of Trustee;
- regular reviews by the Board of Trustees 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.

The Board of Trustee reviewed its internal auditor arrangements for the year ended 31 August 2018 using a judicious combination of a suitably qualified internal Business Manager and an external adviser, Jane Ripley.

The internal Business Manager's internal audit role included performing a range of checks on the schools' transactional and control operations for the year. The external advisor's internal audit role included performing a range of transactional checks on one school's financial systems and on the Trust's financial systems as a whole, and to provide advice thereon. On an annual basis, the internal auditor reports to the Finance and Audit Committee on the effectiveness of the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. In particular the checks carried out in the current period included:

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

The latest internal audit works were carried out in July 2018. No material control issues were identified as a result of the internal auditors review work. Trustees have agreed that the recommendations made by the internal auditor will be introduced under the direction of the CFO during the Autumn term or within the following year as applicable.

**Review of Effectiveness**

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

- the work of the internal Business Managers audit;
- the work of the external auditors;
- the work of the executive managers within the 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 Board of Trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustee on 5 December 2018 and signed on their behalf, by:



**G E Read**  
Chair of Trustees



**M Sandford**  
Accounting Officer

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Inspiring Primaries Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



**M Sandford**  
Accounting Officer

Date: 5 December 2018

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees (who 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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustee on 5 December 2018 and signed on its behalf by:



**G E Read**  
**Chair of Trustees**

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
INSPIRING PRIMARIES ACADEMY TRUST**

**Opinion**

We have audited the financial statements of Inspiring Primaries Academy Trust (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Other information**

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

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
INSPIRING PRIMARIES ACADEMY TRUST**

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of trustees**

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

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
INSPIRING PRIMARIES ACADEMY TRUST**

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

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

*Magma Audit LLP*

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

**Magma Audit LLP**

Chartered Accountants

Statutory Auditors

16 Davy Court

Castle Mound Way

Rugby

CV23 0UZ

Date:

*14/12/18*

**INSPIRING PRIMARIES ACADEMY TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO INSPIRING  
PRIMARIES ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 26 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Inspiring Primaries Academy Trust during the year 1 September 2017 to 31 August 2018 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 Inspiring Primaries Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Inspiring Primaries Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Inspiring Primaries Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Inspiring Primaries Academy Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Inspiring Primaries Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- On a sample basis testing transactions and balances.
- Making enquiries of the academy regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in operation.

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO INSPIRING  
PRIMARIES ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Magma Audit LLP*

Reporting Accountant

**Magma Audit LLP**

16 Davy Court  
Castle Mound Way  
Rugby  
CV23 0UZ

Date: *14/12/18*

**INSPIRING PRIMARIES ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>					
Donations & capital grants:					
Local Authority surplus on conversion	2	6,021	-	6,021	282,415
Fixed assets transferred on conversion	2	-	-	-	3,858,462
Pension Scheme transferred on conversion	2	-	-	-	(1,642,000)
Donations and capital grants	2	91,289	63,763	486,242	641,294
Charitable activities	3	776	5,695,902	5,696,678	2,034,316
Other trading activities	4	107,402	-	107,402	18,449
Investments income	5	558	-	558	174
<b>TOTAL INCOME</b>	<b>206,046</b>	<b>5,759,665</b>	<b>486,242</b>	<b>6,451,953</b>	<b>4,623,373</b>
<b>EXPENDITURE ON:</b>					
Raising funds		110,064	-	110,064	11,001
Charitable activities		-	6,039,855	147,704	6,187,559
<b>TOTAL EXPENDITURE</b>	6	<b>110,064</b>	<b>6,039,855</b>	<b>147,704</b>	<b>6,297,623</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>95,982</b>	<b>(280,190)</b>	<b>338,538</b>	<b>154,330</b>
Transfers between funds	16	-	(13,080)	13,080	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>95,982</b>	<b>(293,270)</b>	<b>351,618</b>	<b>154,330</b>
Actuarial gains on defined benefit pension schemes	20	-	336,000	-	336,000
<b>NET MOVEMENT IN FUNDS</b>		<b>95,982</b>	<b>42,730</b>	<b>351,618</b>	<b>490,330</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		354,202	(1,650,486)	4,119,202	2,822,918
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>450,184</b>	<b>(1,607,756)</b>	<b>4,470,820</b>	<b>3,313,248</b>

**INSPIRING PRIMARIES ACADEMY TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08540699**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	13		4,470,820		4,085,574
<b>CURRENT ASSETS</b>					
Debtors	14	251,087		532,656	
Cash at bank and in hand		1,042,618		503,403	
			1,293,705		1,036,059
<b>CREDITORS:</b> amounts falling due within one year	15	(627,277)		(436,715)	
<b>NET CURRENT ASSETS</b>			666,428		599,344
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Defined benefit pension scheme liability	20		(1,824,000)		(1,862,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			3,313,248		2,822,918
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	16	216,244		211,514	
Restricted fixed asset funds	16	4,470,820		4,119,202	
Restricted income funds excluding pension liability		4,687,064		4,330,716	
Pension reserve		(1,824,000)		(1,862,000)	
Total restricted income funds			2,863,064		2,468,716
Unrestricted income funds	16		450,184		354,202
<b>TOTAL FUNDS</b>			3,313,248		2,822,918

The financial statements on pages 22 to 48 were approved by the Trustees, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:



**G E Read**  
**Chair of Trustees**

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	<b>585,365</b>	136,785
<b>Cash flows from investing activities:</b>			
Interest received		558	144
Purchase of tangible fixed assets		(532,950)	(15,430)
Capital grants from DfE Group		486,242	280,687
<b>Net cash (used in)/provided by investing activities</b>		<b>(46,150)</b>	265,401
<b>Change in cash and cash equivalents in the year</b>			
Cash and cash equivalents brought forward		539,215	402,186
<b>Cash and cash equivalents carried forward</b>	19	<b>1,042,618</b>	503,403

**INSPIRING PRIMARIES ACADEMY TRUST**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Inspiring Primaries Academy Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 GOING CONCERN**

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

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants. The land and buildings are held on a 125 year lease with the Local Authority. The cost of the land and buildings was arrived at using the ESFA standard valuation on a depreciated replacement cost basis provided to the academy. This provided a value for the land and buildings as at the date of conversion.

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.4 EXPENDITURE**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	125 years straight line
Leasehold improvements	-	6% straight line
Furniture and fixtures	-	15% straight line
Computer equipment	-	25% straight line

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

**1.6 OPERATING LEASES**

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

**INSPIRING PRIMARIES ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.7 DEBTORS**

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

**1.8 CASH AT BANK AND IN HAND**

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

**1.9 LIABILITIES AND PROVISIONS**

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

**1.10 FINANCIAL INSTRUMENTS**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

**1.11 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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**1. ACCOUNTING POLICIES (continued)**

**1.12 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.13 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Department for Education Group.

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

**1.14 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

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

The 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.

i) Defined benefit pension scheme

The present value of the LGPS 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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

ii) Tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment, and the above accounting policy for the useful economic lives for each class of assets.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Local Authority surplus on conversion	6,021	-	-	6,021	282,415
Fixed assets transferred on conversion	-	-	-	-	3,858,462
Pension Scheme transferred on conversion	-	-	-	-	(1,642,000)
Subtotal detailed disclosure	<u>6,021</u>	<u>-</u>	<u>-</u>	<u>6,021</u>	<u>2,498,877</u>
Donations and capital grants	<u>91,289</u>	<u>63,763</u>	<u>486,242</u>	<u>641,294</u>	<u>71,557</u>
	<u><u>97,310</u></u>	<u><u>63,763</u></u>	<u><u>486,242</u></u>	<u><u>647,315</u></u>	<u><u>2,570,434</u></u>
Total 2017	<u><u>317,709</u></u>	<u><u>(1,636,424)</u></u>	<u><u>3,889,149</u></u>	<u><u>2,570,434</u></u>	

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**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	4,900,480	4,900,480	1,625,973
Other DfE group grants	776	559,879	560,655	233,343
Start-up grant	-	65,000	65,000	175,000
	<u>776</u>	<u>5,525,359</u>	<u>5,526,135</u>	<u>2,034,316</u>
<b>Other government grants</b>				
Local Authority grants	-	170,543	170,543	-
	<u>-</u>	<u>170,543</u>	<u>170,543</u>	<u>-</u>
<b>Other funding</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>776</u>	<u>5,695,902</u>	<u>5,696,678</u>	<u>2,034,316</u>
<i>Total 2017</i>	<u>100</u>	<u>2,034,216</u>	<u>2,034,316</u>	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings Income	16,111	-	16,111	5,152
Consultancy income	49,827	-	49,827	10,609
Fundraising income	31,937	-	31,937	1,071
Sundry income	9,527	-	9,527	1,617
	<u>107,402</u>	<u>-</u>	<u>107,402</u>	<u>18,449</u>
<i>Total 2017</i>	<u>18,449</u>	<u>-</u>	<u>18,449</u>	

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**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	558	-	558	174
<i>Total 2017</i>	<u>174</u>	<u>-</u>	<u>174</u>	

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
Direct costs	-	-	-	-	11,001
Support costs	27,330	-	82,734	110,064	-
Educational operations:					
Direct costs	3,112,452	133,226	602,682	3,848,360	1,280,293
Support costs	1,722,559	246,366	370,274	2,339,199	733,436
	<u>4,862,341</u>	<u>379,592</u>	<u>1,055,690</u>	<u>6,297,623</u>	<u>2,024,730</u>
<i>Total 2017</i>	<u>1,488,469</u>	<u>130,358</u>	<u>405,903</u>	<u>2,024,730</u>	

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**7. CHARITABLE ACTIVITIES**

	<b>Total funds 2018 £</b>	<i>Total funds 2017 £</i>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	2,267,022	728,008
National insurance	230,610	77,656
Pension cost	614,820	169,170
Depreciation	110,778	40,963
Pension income	50,000	13,000
Educational supplies	214,295	82,001
Staff development	25,392	8,337
Other direct costs	280,475	96,215
Technology costs	54,968	21,551
	<b>3,848,360</b>	<i>1,236,901</i>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	1,379,337	406,327
National insurance	53,203	15,344
Pension cost	276,517	77,875
Depreciation	36,926	13,654
Staff development	18,557	-
Other direct costs	61,527	-
Maintenance of premises and equipment	105,469	36,727
Cleaning	17,842	3,583
Rates	50,341	11,105
Insurance	33,964	13,819
Catering	1,699	59,080
Other support costs	135,184	42,626
Energy costs	70,465	21,796
Governance	54,178	-
Other costs	7,185	-
Auditors' remuneration	36,805	31,500
	<b>2,339,199</b>	<i>733,436</i>
	<b>6,187,559</b>	<i>1,970,337</i>

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2018 £</b>	<i>2017 £</i>
Depreciation of tangible fixed assets:		
- owned by the charity	147,704	66,526
Auditors' remuneration - audit	21,000	20,000
Auditors' remuneration - other services	11,805	11,500
Operating lease rentals	13,213	6,111
	<b>193,722</b>	<i>104,137</i>

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**9. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	3,668,143	1,145,336
Social security costs	284,573	93,000
Pension costs	896,123	247,045
	4,848,839	1,485,381
Agency staff costs	13,502	3,088
	4,862,341	1,488,469

**b. Staff numbers**

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

	2018	2017
	No.	No.
Teachers	65	20
Administration and support	138	40
Management	8	3
	211	63

**c. Higher paid staff**

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

	2018	2017
	No.	No.
In the band £70,001 - £80,000	1	0

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 pension contributions for this staff member amounted to £12,930 (2017: £7,536).

**d. Key management personnel**

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £135,688 (2017:£112,099). These figures include salary costs of all Trustees employed by the academy trust, even where they have no management role within their employment.

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**10. CENTRAL SERVICES**

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

- Human resources
- Financial services
- Legal services
- Educational support services
- Other as arising

The academy trust charges for these services on the following basis:

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
John Wycliffe Primary School	45,736	7,831
Claybrooke Primary School	20,494	-
Sharnford Primary School	16,880	1,453
Ullesthorpe Primary School	21,650	3,693
St Mary's Church of England Primary School Bitteswell	23,150	1,998
All Saints Church of England Primary School	39,146	6,417
St Margaret's Church of England Primary School	37,535	3,386
Gilmorton Chandler Church of England Primary School	37,576	6,339
	<b>242,167</b>	<b>31,117</b>
Total	<b>242,167</b>	<b>31,117</b>

**11. TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018	2017
		£	£
M Sandford (CEO and Trustee)	Remuneration	75,000-80,000	50,000-55,000
	Pension contributions paid	10,000-15,000	5,000-10,000

In 2016/17, the CEO was a 60% Headteacher of Gilmorton Chandler CE Primary School (Academy) and also a 40% Headteacher of Ullesthorpe Primary School (LA maintained). During this period, 40% of her costs were invoiced from Gilmorton to Ullesthorpe, so only 60% of them are reflected in these figures. Following the formation of the Trust on 1st June 2017, her role reverted to 10% CEO of the MAT; 40% Headteacher of Gilmorton and 40% Headteacher of Ullesthorpe, which had now joined the new MAT. This remained to be the situation for all of 2017/18, with 100% of her costs therefore being attributable to her role within the Trust.

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2018 was £1,069 (2017 - £466).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. TANGIBLE FIXED ASSETS**

	Leasehold property £	Leasehold improvements £	Furniture and fixtures £	Computer equipment £	Total £
<b>COST</b>					
At 1 September 2017	3,701,100	173,993	211,848	106,053	4,192,994
Additions	-	336,917	176,600	19,433	532,950
At 31 August 2018	<u>3,701,100</u>	<u>510,910</u>	<u>388,448</u>	<u>125,486</u>	<u>4,725,944</u>
<b>DEPRECIATION</b>					
At 1 September 2017	15,326	22,349	52,102	17,643	107,420
Charge for the year	61,306	22,950	34,665	28,783	147,704
At 31 August 2018	<u>76,632</u>	<u>45,299</u>	<u>86,767</u>	<u>46,426</u>	<u>255,124</u>
<b>NET BOOK VALUE</b>					
At 31 August 2018	<u>3,624,468</u>	<u>465,611</u>	<u>301,681</u>	<u>79,060</u>	<u>4,470,820</u>
At 31 August 2017	<u>3,685,774</u>	<u>151,644</u>	<u>159,746</u>	<u>88,410</u>	<u>4,085,574</u>

The trust's transactions relating to leasehold land and buildings in the year included:

- the acquisition of leasehold improvements of which includes a classroom extension purchased with S106 income.

**14. DEBTORS**

	2018 £	2017 £
VAT	73,012	14,757
Prepayments and accrued income	178,075	517,899
	<u>251,087</u>	<u>532,656</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade creditors	157,719	25,441
Other taxation and social security	66,507	64,760
Other creditors	76,942	73,515
Accruals and deferred income	326,109	272,999
	<u>627,277</u>	<u>436,715</u>

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**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

	2018 £	2017 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2017	137,745	22,280
Amounts released from previous years	(137,745)	(22,280)
Resources deferred in the year	219,019	137,745
	219,019	137,745
Deferred income at 31 August 2018	219,019	137,745

The closing balance of deferred income mainly relates to Universal Infant Free School meals funding received in advance of the 2018/19 academic year.

**16. STATEMENT OF FUNDS**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>UNRESTRICTED FUNDS</b>						
General Funds	354,202	206,046	(110,064)	-	-	450,184
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	101,333	4,900,480	(4,891,783)	(13,080)	-	96,950
Pupil Premium	-	228,736	(221,418)	-	-	7,318
Other DfE Group grants	110,181	402,383	(400,588)	-	-	111,976
Other government grants	-	164,303	(164,303)	-	-	-
Other trading activities	-	63,763	(63,763)	-	-	-
Pension reserve	(1,862,000)	-	(298,000)	-	336,000	(1,824,000)
	(1,650,486)	5,759,665	(6,039,855)	(13,080)	336,000	(1,607,756)
<b>RESTRICTED FIXED ASSET FUNDS</b>						
DfE Group capital grants	38,640	62,339	(4,967)	(80,081)	-	15,931
Transfer from local authority	3,841,442	-	(94,711)	(1,450)	-	3,745,281
Academies Capital Maintenance Fund	73,866	-	(13,393)	(2,409)	-	58,064
Condition Improvement Fund	153,654	121,016	(14,170)	(683)	-	259,817
Other Government grants	8,632	302,887	(13,990)	9,868	-	307,397
Capital expenditure from GAG	2,968	-	(6,473)	87,835	-	84,330
	4,119,202	486,242	(147,704)	13,080	-	4,470,820
Total restricted funds	2,468,716	6,245,907	(6,187,559)	-	336,000	2,863,064
Total of funds	2,822,918	6,451,953	(6,297,623)	-	336,000	3,313,248

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**16. STATEMENT OF FUNDS (continued)**

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

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. The transfer from GAG relates to funding towards fixed asset additions in the year.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. The closing balances relate to funds not spent at the year end.

The Other DfE Group restricted funds grants consists of Universal Infant Free School Meals Grant, Regional growth funding, a school improvement grant, capital improvement grant, and PE Sports Grant. The closing balances relate to funds not spent at the year end.

Other government grants consist of High Level Needs funding, DSP Speech and Language funding and Early years funding. All funds have been spent in full in the year.

Other trading activities income consists of Letting income, consultancy income and fundraising income. All funds have been spent in full in the year.

The pension reserve relates to the school's share of the deficit of the Leicestershire County Council's Local Government Pension Scheme.

Restricted fixed assets

DfE Group capital grants relate to funding received from these sources to purchase fixed assets. The closing balance relates to the net book value of the assets concerned.

The transfer from Local Authority relates to the value of £3,841,442 (leasehold land and buildings) transferred from the Local Authority to the academy on conversion. The closing balance relates to the net book value of the assets concerned.

The Academies Capital Maintenance Fund (ACMF) relates to funding received in relation to the toilet refurbishment and a boundary wall project. The closing balance relates to the net book value of the assets concerned.

The Condition Improvement Fund (CIF) relates to funding received in relation to a flat roofing project, a window project and a new heating system. The closing balance relates to the net book value of the assets concerned.

The other government grants relate to funding received to purchase new pay equipment and in relation to creating new classrooms. The closing balance relates to the net book value of the assets concerned.

The capital expenditure from GAG relates to capitalised expenditure allocated to the GAG within this grant's terms. The income element is shown as a transfer from restricted funds, where the GAG is received, to the restricted fixed assets fund where it has been spent. The closing balance represents the net book value of the assets concerned.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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**16. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £</b>	<i>Total 2017 £</i>
Inspiring Primaries Academy Trust (MAT)	<b>84,725</b>	70,756
All Saints Primary School	<b>80,111</b>	97,743
Claybrooke Primary School	<b>32,727</b>	15,412
Gilmorton Chandler Church of England Primary School	<b>51,244</b>	58,046
John Wycliffe Primary School	<b>143,721</b>	125,096
Sharnford Church of England Primary School	<b>53,180</b>	32,065
St.Margaret's Church of England Primary School	<b>58,680</b>	21,078
St.Mary's Church of England Primary School	<b>51,676</b>	54,297
Ullesthorpe Church of England Primary School	<b>110,364</b>	91,223
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	<b>666,428</b>	565,716
Restricted fixed asset fund	<b>4,470,820</b>	4,119,202
Pension reserve	<b>(1,824,000)</b>	(1,862,000)
	<hr/>	<hr/>
Total	<b>3,313,248</b>	2,822,918
	<hr/> <hr/>	<hr/> <hr/>

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**16. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
All Saints Church of England Primary School	732,266	14,073	42,284	58,434	847,057	188,877
Claybrooke Primary School	397,913	7,262	9,052	67,871	482,098	29,455
Gilmorton Chandler Church of England Primary School	721,516	9,570	35,832	104,486	871,404	926,606
John Wycliffe Primary School	848,815	12,701	22,948	105,183	989,647	225,606
Sharnford Church of England Primary School	302,160	5,284	17,387	117,641	442,472	52,080
St. Marys Church of England Primary School	481,668	8,088	9,439	65,230	564,425	81,483
St. Margaret's Church of England Primary School	724,818	19,404	22,491	110,401	877,114	133,859
Ullesthorpe Church of England Primary School	358,604	11,227	28,396	64,505	462,732	90,744
Inspiring Primaries Academy Trust (MAT)	46,581	25,429	26,466	216,494	314,970	-
	<u>4,614,341</u>	<u>113,038</u>	<u>214,295</u>	<u>910,245</u>	<u>5,851,919</u>	<u>1,728,710</u>

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**16. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	<i>Balance at 1 September 2016</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2017</i>
	£	£	£	£	£	£
<b>GENERAL FUNDS</b>						
General Funds	28,771	336,432	(11,001)	-	-	354,202
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	30,243	1,675,974	(1,604,884)	-	-	101,333
Pupil Premium	-	57,090	(57,090)	-	-	-
Other DfE Group grants	1,199	264,341	(155,359)	-	-	110,181
Other government grants	-	36,812	(36,812)	-	-	-
Other trading activities	-	5,575	(5,575)	-	-	-
Pension reserve	(298,000)	(1,642,000)	(56,000)	134,000	-	(1,862,000)
	(266,558)	397,792	(1,915,720)	134,000	-	(1,650,486)
<b>RESTRICTED FIXED ASSET FUNDS</b>						
DfE Group capital grants	13,282	30,687	(5,329)	-	-	38,640
Transfer from local authority	3,970	3,858,462	(20,990)	-	-	3,841,442
Academies Capital Maintenance Fund	87,259	-	(13,393)	-	-	73,866
Condition Improvement Fund	165,826	-	(12,172)	-	-	153,654
Other Government grants	9,865	-	(1,233)	-	-	8,632
Capital expenditure from GAG	4,468	-	(1,500)	-	-	2,968
	284,670	3,889,149	(54,617)	-	-	4,119,202
Total restricted funds	18,112	4,286,941	(1,970,337)	134,000	-	2,468,716
Total of funds	46,883	4,623,373	(1,981,338)	134,000	-	2,822,918

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**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	4,470,820	4,470,820
Current assets	450,184	843,521	-	1,293,705
Creditors due within one year	-	(627,277)	-	(627,277)
Pension scheme liability	-	(1,824,000)	-	(1,824,000)
	<u>450,184</u>	<u>(1,607,756)</u>	<u>4,470,820</u>	<u>3,313,248</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	4,085,574	4,085,574
Current assets	354,202	648,229	33,628	1,036,059
Creditors due within one year	-	(436,715)	-	(436,715)
Pension scheme liability	-	(1,862,000)	-	(1,862,000)
	<u>354,202</u>	<u>(1,650,486)</u>	<u>4,119,202</u>	<u>2,822,918</u>

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

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	154,330	2,642,035
<b>Adjustment for:</b>		
Depreciation charges	147,704	54,617
Capital grants from DfE Group	(486,242)	(280,687)
Transfer from Local Authority on conversion	-	(2,498,877)
Interest received	(558)	(174)
Decrease in stocks	-	6,409
Increase in debtors	281,569	(275,698)
Increase in creditors	190,562	346,160
Defined benefit pension charge and cash contributions	298,000	143,000
<b>Net cash provided by operating activities</b>	<u>585,365</u>	<u>136,785</u>

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**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018	2017
	£	£
Cash in hand	1,042,618	503,403
Total	<u>1,042,618</u>	<u>503,403</u>

**20. PENSION COMMITMENTS**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2018.

Contributions amounting to £77,214 were payable to the schemes at 31 August 2018 (2017 - £73,515) 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 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.

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**20. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £132,170 (2017 - £125,361).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £359,000 (2017 - £97,000), of which employer's contributions totalled £288,000 (2017 - £77,000) and employees' contributions totalled £71,000 (2017 - £22,000). The agreed contribution rates for future years are 23.4 - 24.4% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	<b>2018</b>	<b>2017</b>
Discount rate for scheme liabilities	<b>2.80 %</b>	2.50 %
Rate of increase in salaries	<b>3.40 %</b>	3.40 %
Rate of increase for pensions in payment / inflation	<b>2.40 %</b>	2.40 %
Inflation assumption (CPI)	<b>2.40 %</b>	2.40 %
Commutation of pensions to lump sums	<b>50.00 %</b>	50.00 %

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**20. PENSION COMMITMENTS (continued)**

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

	<b>2018</b>	<i>2017</i>
Retiring today		
Males	<b>22.1</b>	<i>22.1</i>
Females	<b>24.3</b>	<i>24.3</i>
Retiring in 20 years		
Males	<b>23.8</b>	<i>23.8</i>
Females	<b>26.2</b>	<i>26.2</i>

**Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumptions as at 31 August 2018:</b>	<b>Approximate % increase to Employer Liability</b>	<i>Approximate monetary amount £</i>
0.5% decrease in Real Discount Rate	<b>12</b>	<i>489</i>
0.5% increase in the Salary Increase Rate	<b>2</b>	<i>79</i>
0.5% increase in the Pension Increase Rate	<b>10</b>	<i>403</i>

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**20. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,371,000	1,181,000
Corporate bonds	597,000	352,000
Property	199,000	141,000
Cash and other liquid assets	44,000	89,000
	<hr/>	<hr/>
Total market value of assets	<b>2,211,000</b>	<b>1,763,000</b>
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £91,000 (2017 - £92,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS 102 report for fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

**Asset model**

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2017 for the year to 31 August 2018, or date of joining the fund if later).

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**20. PENSION COMMITMENTS (continued)**

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

	2018 £	2017 £
Current service cost	(536,000)	(120,000)
Interest income	48,000	13,000
Interest cost	(98,000)	(26,000)
	<hr/>	<hr/>
Total	<b>(586,000)</b>	<b>(133,000)</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £	2017 £
Opening defined benefit obligation	3,625,000	626,000
Transferred in on existing academies joining the trust	-	2,891,000
Current service cost	536,000	120,000
Interest cost	98,000	26,000
Employee contributions	71,000	20,000
Actuarial gains	(293,000)	(55,000)
Benefits paid	(2,000)	(3,000)
	<hr/>	<hr/>
Closing defined benefit obligation	<b>4,035,000</b>	<b>3,625,000</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,763,000	328,000
Transferred in on existing academies joining the trust	-	1,249,000
Interest income	48,000	13,000
Actuarial gains	43,000	79,000
Employer contributions	288,000	77,000
Employee contributions	71,000	20,000
Benefits paid	(2,000)	(3,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>2,211,000</b>	<b>1,763,000</b>
	<hr/> <hr/>	<hr/> <hr/>

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**21. OPERATING LEASE COMMITMENTS**

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	13,213	13,213
Between 1 and 5 years	988	9,831
Total	14,201	23,044

**22. 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.

**23. 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Diocese of Leicester Educational Trust are a founding member of the Academy and have the right to appoint the majority of the total Trustee board. Some buildings from which the Academy operates are owned by the Diocese of Leicester. No long leasehold fixed assets are recognised in the financial statements due to the degree of ultimate control over the buildings that lies with the Diocese. The following related party transactions took place in the period of account:

The Leicester Diocesan Board of Education is paid a quarterly amount in relation to a maintenance scheme. Payments for the Academy Trust in the year were £51,569 (2017: £17,992). There were no amounts outstanding at 31 August 2018 (2017: £nil).

The purchases were made at arms' length in accordance with its financial regulations. In entering into these transactions the Academy has complied with the requirements of the ESFA's Academies Financial Handbook.

There were no other related party transactions during the current or prior year, other than certain Trustees' remuneration and expenses already disclosed in note 11.