

KESHMAN

Company Registration Number: 13188733 (England & Wales)

**Inspira Academy Trust**  
**(A company limited by guarantee)**

**Annual Report and Financial Statements**

**For the Period Ended 31 August 2021**

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**Inspira Academy Trust**  
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**Contents**

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	Page
Reference and administrative details	1
Trustees' report	2 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of Trustees' responsibilities	14
Independent auditors' report on the financial statements	15 - 17
Independent reporting accountant's report on regularity	18 - 19
Statement of financial activities incorporating income and expenditure account	20
Balance sheet	21
Statement of cash flows	22
Notes to the financial statements	23 - 42

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Reference and Administrative Details**  
**For the Period Ended 31 August 2021**

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<b>Members</b>	Catherine Carden (appointed 9 February 2021) Matthew Drinkwater (appointed 9 February 2021) John Lindsay (appointed 9 February 2021) Iain McCracken (appointed 9 February 2021) Michael O'Connell (appointed 9 February 2021)
<b>Trustees</b>	Richard Hover Chairman) (appointed 9 February 2021) Ben MacPhee (Vice Chairman) (appointed 9 February 2021) Kimberley Foulkes (appointed 9 February 2021) Agnieszka Gordon (appointed 9 February 2021) Emma Whitehead (appointed 9 February 2021)
<b>Company registered number</b>	13188733 (England and Wales)
<b>Principal and registered office</b>	Chartham Primary School Shalmsford Street Chartham Canterbury Kent CT4 7QN
<b>Senior management team</b>	Dean Jones, Chief Executive Officer and Accounting Officer Samantha Sage, Chief Finance Officer Alice Edgington, Headteacher - St Stephens Infant School Emma Ribbans, Headteacher - Chartham Primary School
<b>Independent auditor</b>	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants, Statutory Auditors Thames House Roman Square Sittingbourne Kent. ME10 4BJ
<b>Bankers</b>	NatWest Bank Plc 11 The Parade Canterbury Kent CT1 2SQ
<b>Solicitors</b>	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Period Ended 31 August 2021**

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The Trustees present their annual report together with the financial statements and auditor's report of the Academy Trust for the period from incorporation on 9 February 2021 to 31 August 2021. The Academy Trust was initially dormant until its two academies joined on 1 April 2021.

The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Academy Trust is a multi-academy responsible for two academies:

- Chartham Primary School
- St Stephen's Infant School, Canterbury.

The two academies have a combined pupil capacity of 690 and had a roll of 612 in the October 2020 school census.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Inspira Academy Trust are also the directors of the Academy Trust for the purposes of company law.

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

### **Members' Liability**

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

### **Trustees' Indemnities**

The Academy Trust maintains Trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its Trustees. The Academy Trust has also granted indemnities to each of its Trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Trustees or other officers may incur to third parties in the course of acting as Trustees or officers of the Academy Trust.

Details of the insurance cover are provided in note 13 to the financial statements.

### **Method of Recruitment and Appointment or Election of Trustees**

The recruitment of new Trustees is as defined within the Articles of Association, Master Funding Agreement and Scheme of Delegation, and is subject to approval by Trust Members. Recruitment is based on skills, knowledge and behaviours as set out in the Competency Framework for Governance 2017. Recruitment of Governors to the Local Governing Body for each school is subject to approval by the Board of Trustees in line with the Scheme of Delegation.

The Trustees' term of office has transferred over from their pre conversion Governor term of office. Going forward any new term of office of a Trustee or Governor is four years.

### **Policies and procedures adopted for the induction and training of Trustees**

The training and induction provided to new Trustees will depend upon their existing experience but as a minimum would include a tour of all schools within the Trust together with a chance to meet staff and pupils. All Trustees are provided with access the policies, procedures, minutes, accounts, plans and other documentation that they will need to undertake their role as Trustee. All Trustees have access to various online systems which offer support and advice e.g. NGA, The Key for Trust Leaders.

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Period Ended 31 August 2021**

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**Organisational Structure**

The main responsibilities of the Academy Trust are prescribed in the Funding agreements with the ESFA. The management structure of the Academy Trust consists of four levels which are as follows:

- Members, who appoint Trustees and delegate responsibility for governance and running of the Academy Trust to the Board of Trustees.
- Board of Trustees is where the legal accountability sits. The Board of Trustees delegate responsibility to Local Governing Bodies through the Scheme of Delegation.
- Trust Leaders (Chief Executive Officer, Chief Financial Officer, Headteachers) lead and manage the Trust on behalf of the Board of Trustees through implementing the Trust's vision and values and through delivery of achievement, standards, quality of teaching, finance, safeguarding, health and safety and human resources.
- Local Governing Bodies are responsible but not legally accountable for ensuring that their school achieves good outcomes for all its pupils and complies with statutory and Trust policies and procedures.

The main responsibilities of the Members include the following:

- To amend the articles of association (with consent) or change the company's name
- To appoint replacement members to seek to maintain 5 members
- To appoint up to 9 Trustees – and may remove any Trustee
- To appoint the auditors and receive the company's annual report and accounts
- To issue a direction (by special resolution) to Trustees to act in a particular way

The main responsibilities of the Trustees are prescribed in the Funding Agreements with the ESFA. The key responsibilities include:

- Approval of the annual budget
- Production of the Annual Accounts and Report
- Appointment of a Chief Executive Officer (as Accounting Officer)
- Appointment of a Chief Financial Officer in conjunction with the Chief Executive Officer
- Ensure regularity, propriety and value for money in relation to the management of public funds.

The Academy Trust has defined the responsibilities for any committee or member of staff involved in the administration of Academy finances to avoid duplication or omission of functions and to provide a framework of accountability for governors and staff. The committees that have responsibilities relating to Academy finances are as follows:

- Trust Board
- Finance, Audit and Risk Committee

The responsibilities of the Finance Audit and Risk Committee are set out in the terms of reference.

The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the Trust finances.

*Role of the Chief Executive Officer:*

The Chief Executive Officer has overall responsibility for the Trust's activities including financial activities. As the Accounting Officer for the Trust, the Chief Executive Officer is personally responsible for:

- propriety and regularity of the public finances for which they are answerable. This covers standards of conduct, behaviour and corporate governance and compliance with the Academies Financial Handbook and funding agreements;
- keeping of proper accounts and ensuring bank accounts, financial systems and financial records are operated by more than one person;
- ensuring the Academy Trust's property and assets are under the Trustees' control, and measures exist to prevent losses or misuse;

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Period Ended 31 August 2021**

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- keeping full and accurate accounting records to support their annual accounts;
- prudent and economical administration avoidance of waste and extravagance ensuring value for money; and
- efficient and effective use of all available resources.

The Chief Executive Officer has delegated responsibility for:

- The operation of the Academy Trust including performance of its Academies;
- Reporting on the strategic performance of the Academy Trust;
- Leading the Executive Team and the accountability of their performance.

*Role of the Chief Financial Officer:*

The Chief Financial Officer works in close collaboration with the Chief Executive Officer, through whom they are responsible to the Trustees. The Chief Financial Officer also has direct access to the Trustees and local governors. The main responsibilities of the Chief Financial Officer are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system for the Academy Trust's central budget and individual academies;
- management of each academy's financial position at a strategic and operational level within the framework for financial control determined by the members and directors;
- preparation of budget plans in conjunction with the Chief Executive Officer and Headteachers;
- the maintenance of effective systems of internal control;
- maintenance of adequate fixed asset registers;
- Liaising with auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the Academy Trust;
- the preparation of monthly management accounts, including income and expenditure reports, cash flow forecasts and a balance sheet;
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance; and
- additional roles, some of which are not directly finance related, as outlined in the Chief Financial Officer's job description.

*Academy Local Governing Body responsibilities:*

- The local governing body of each academy is responsible for the management of their academy and ensuring the quality of education, monitoring the character and quality of religious education and collective worship to ensure it meets the requirements of the funding agreement;
- the Local Governing Body delegates day to day responsibility for carrying out the policies and decisions of the Local Governing Body and its committees to the Headteacher;
- it is the responsibility of the Local Governing Body to recommend an annual budget for the academy to the Trust Board which accords with the academy's aims and objectives, as set out in the current Academy Improvement Plan, and the legislative responsibilities undertaken by the Governing Body. The Local Governing Body will ensure that adequate long-term budgeting is undertaken in order that the long-term performance of the Academy may be maintained. This will be approved and authorised by the Board of the Trust.

**Arrangements for setting pay and remuneration of key management personnel**

The key management personnel of the Academy Trust comprise the Trustees and senior leadership team as disclosed on page 1.

The Academy Trust has a pay policy and clear performance and appraisal policy in place within every Trust school and works in line with the current Teachers Pay and Conditions document and current Kent County Council's support Staff Pay and Conditions.

The Chief Executive Officer pay is currently set in line with full Teacher's Pay and Conditions document and the current size of the Academy Trust in terms of pupil numbers.

The Chief Financial Officer pay is set in line with Kent County Council's Support Staff Pay and Conditions.

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Period Ended 31 August 2021**

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The pay of the Headteachers of the individual schools within the Trust are set in line with full Teacher's Pay and Conditions document and the current size of the Trust in terms of pupil numbers.

Total remuneration paid to senior management personnel is set out in note 10(d).

**Trade union facility time**

The Academy Trust did not have any employees serving as a trade union official and so no employed time was spent on union facility matters.

**Related Parties and other Connected Charities and Organisations**

There are no related parties which either control or significantly influence the decisions and operations of the Trust.

**Engagement with employees (including disabled persons)**

Currently our Academy Trust has less than 250 employees and are not legally required to respond to this statement. However, as a matter of good practice, regular information has been supplied to all our employees and our parents and carers of the children in the school in respect of the proposed conversion to academy and the recent pandemic. This included steps that the Trust has implemented across the schools to protect the health of all our community.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The Academy Trust's mission is to:

- Create a welcoming environment in our schools where everyone feels happy, safe, included and are empowered to develop and practice independence.
- Instil a love of learning and encourage pride in all achievements through the foundations of a high-quality curriculum.

The Academy Trust's vision is to:

- Be a high performing Trust with uncompromising standards and high expectations.
- Champion learning at the centre of our communities.
- Promote and ensure the well-being and safeguarding of pupils at all times so they feel secure, happy and safe.
- Enrich learning through engaging indoor and outdoor environments.
- Have passionate, high-quality staff who encourage a love of learning, evoke curiosity and stimulate imagination.
- Enable pupils to achieve their potential, be well prepared for the next stage of their education and instil aspirations for their futures.
- To offer opportunity for all through the promotion of equality, diversity and inclusion whilst challenging social injustice and inequality enabling bright futures for all.

**Objectives, Strategies and Activities**

The objectives for the period of this report:

- Establish systems, processes and policies for the smooth operation of a new Trust.
- To setup local governing boards for each school.
- To set 5-year budget forecast for each school.
- To set a Trust budget forecast.

**Public Benefit**

The primary purpose of the Trust is the advancement of education of all pupils within the academies. During the period of this report we were following government advice in relation to the pandemic and our priority was to ensure that all pupils continued to learn and once we returned to school, the wellbeing of all pupils, staff and parents were an important aspect of our purpose. Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in defining the strategic direction of the Academy Trust, and supporting its primary objectives.

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Period Ended 31 August 2021**

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**STRATEGIC REPORT**

**Achievement and Performance**

We have aimed to be compliant with all requirements laid out for academies in the Academies Financial Handbook. Systems, processes and procedures have been developed to support this statement and have ensured a smooth operation of the new Trust.

There has been a transitional period when the governing board moved into a new structure. As of 1 September 2021, both schools have Local Governing Bodies following a scheme of delegation approved by the Trust board.

Budget setting was rigorous and involved the schools and the local governors. The governing bodies recommended a 5-year budget to the Trust board for approval, which reflected the aims and objectives of the Academy Trust.

**Key Performance Indicators**

The Trustees consider that the following are the Academy Trust's key performance indicators.

- Performance outcomes against national expectations.
- SEND/PP/Attendance provision, for example, data and performance against national expectations.
- % of income received from General Annual Grant against staff costs.
- % of staff costs to total expenditure ratio.
- Revenue reserves as a % of total income.
- Good outcomes from Internal & External Audits.

The Trustees are pleased with the performance against these KPIs during the initial five month period, but these will be measured in a more detailed way during 2021/22.

**Going Concern**

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

**Financial review**

Since these financial statements are the first prepared by the Academy Trust since it was formed, the Statement of Financial Activities ("SoFA") is dominated by the donation of £9.6m relating to the transfer of assets and liabilities from the Local Authority and inherited on 1 April 2021 when the Academy Trust's two academies converted to academy status and joined. The assets and liabilities are detailed in note 23, but most of the value is tied up in the two schools' land and buildings. The net donation has been accounted for in accordance with the Academies Accounts Direction, and is explained in accounting policy 2.10.

Total income shown on the SoFA of £11.1m is therefore not indicative of the Academy Trust's operating income.

In addition to the net donation for these inherited assets and liabilities, total income included capital grant funding of £15k which is received from the Education and Skills Funding Agency ("ESFA") specifically for capital purposes as opposed to the day to day running of the academies.

The majority of the Academy Trust's recurrent income is also received from the ESFA, in the form of revenue grants, the use of which is restricted to particular purposes.

Revenue income for the five month operating period amounted to £1.5m. Most of this was income for educational purposes as detailed in note 5, with £1.1m of this total relating to core General Annual Grant (GAG) funding. During 2021 the Academy Trust received some one-off funding from the DfE including a £50k conversion grant (to cover costs incurred in relation to the establishment of the trust), and also special Covid-19 funding, including catch-up premium. This is explained further in note 5.

The SoFA shows total expenditure for the period of £1.6m, leaving a net income before other recognised gains/(losses) of £9.5m. After taking into account the actuarial loss arising on the Local Government Pension Scheme ("LGPS") of £236k, the overall net movement in funds was an increase of £9.3m.

The LGPS, which relates to non-teaching staff, is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust. This is accounted for in accordance with accounting policy 2.9, and thus the Academy Trust's share of the deficit is reflected on the Balance Sheet. This is covered further under the financial position section below.



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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Period Ended 31 August 2021**

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As a result of the donation of assets on conversion, pension scheme movements, and also capital funding and other movements through the restricted fixed asset fund, the SoFA does not present any form of meaningful operating result.

The table below has therefore been included to reconcile from the overall movement in funds presented on the SoFA to the more meaningful result on revenue income funds, an increase of £44k:

	2021 (£000s)
Overall net movement in funds for the period per SOFA	9,288
Net assets inherited on conversion	(9,620)
Capital grant income received in period	52
Depreciation charges through fixed asset fund	(15)
LGPS actuarial loss shown on face of SOFA	236
LGPS service and interest costs (within staff costs)	103
<b>Movement in revenue funds during the 5 months ended 31 August 2021</b>	<b>44</b>

At 31 August 2021, the net book value of fixed assets was £10.5m and movements in tangible fixed assets are shown in note 14 to the financial statements. During the period the assets were used almost exclusively for providing education and the associated support services to the pupils of the academies, the only exceptions to this being letting of the premises to local community groups and other affiliated organisations.

**Financial position**

The Academy Trust held fund balances at 31 August 2021 of £9.3m. These funds included restricted fixed asset funds of £10.5m and revenue reserves of £218k split across restricted and unrestricted funds as shown in note 17.

The only fund in deficit was the LGPS pension reserve of £1.4m. The Academy Trust inherited a deficit of £1.1m when the two schools converted to academy status and joined on 1 April 2021, and this deficit increased further during the five month period which followed. The increase, and the carried deficit, is not considered a concern since it does not mean that an immediate liability crystallises. It can be described as an accounting deficit which has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions. These contribution rates are reviewed every three years in consultation with the scheme's administrators, and current employer contributions due by the multi-academy Trust are fixed until 1 April 2023.

**Reserves Policy**

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The Trustees have determined that the appropriate level of revenue reserves should be no less than the equivalent of 1 month's salary costs, amounting to approximately £220k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness, rising pension costs, and where unforeseen costs are incurred.

The Academy Trust's revenue income reserves of £218k as at 31 August 2021 mean this target has been more or less met.

The Trustees will continue to monitor the level of reserves to ensure that they are maintained at the required level. If they are partly used the Academy Trust will strive to rebuild free reserves up to the level needed.

**Investment Policy**

The Academy Trust does not currently hold any investments other than positive cash balances and has a policy and objective to ensure balances are maintained to meet operational cash requirements. As and when surplus is identified this will be reviewed and appropriate investments made. The banking facilities will be reviewed on an annual basis.

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Period Ended 31 August 2021**

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**Principal Risks and Uncertainties**

The Trustees have a duty to identify and review the risks to which the Academy Trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The Trustees have implemented several systems to assess risk, including vetting of all new staff and internal financial controls to minimise risk.

Adequate insurance cover is in place to cover any significant risk.

The Trustees consider the following items as the principal risks and uncertainties facing the Academy Trust:

- All Academy budgets face a level of uncertainty given the Governments move to a National Funding Formula having been delayed due to the COVID pandemic which may have an impact on Trust schools funding.
- Pupil numbers fall due to outside influences e.g. new schools, feeder school reputation lowered, feeder nursery closures.
- The Trust has a robust recruitment strategy to ensure quality staff. To overcome the risk of losing key senior staff, a staff development strategy is in place to encourage the professional development to develop Leadership capacity and improve performance to ensure that schools advance beyond or maintain their pre-conversion Ofsted judgements.
- Further wave of the COVID pandemic and potential further closing of schools.
- Failure to comply with statutory safeguarding requirements.
- Failure to comply with critical/mandatory requirements.
- Failure to comply with minor mandatory processes and risk resulting damage to the Trusts reputation.
- Insufficient funds to deliver services to an appropriate level.
- IT breach resulting in confidential data theft or corruption.
- Material event in one of the schools that compromises pupil, staff or public safety e.g. safeguarding, physical safety of pupils, terror related incident, fire, food etc.

**FUNDRAISING**

The Academy Trust does not use any external fundraisers. All fundraising undertaken during the period was monitored by the Trustees although during the period of this report very little fundraising was carried out due to the current pandemic regulations which has impacted on the Fundraising events usually held at both schools. The impact of this has reduced funds available to deliver additional learning enrichment that is usually supported by the funds raised.

**PLANS FOR FUTURE PERIODS**

The Academy Trust continues to develop and in the longer term plan to seek sponsorship status and grow in accordance with our application to convert. The detailed plans will be in the Academy Trust development plan that is being drafted.

In 2021/22 the Academy Trust will:

- continue to develop strategically;
- Maintain a quality education for all pupils;
- Share good practice across the schools and wider community;
- Ensure curriculum priorities in the schools' improvement plans inform future budget priorities;
- Focus on parent engagement and communication;
- Continue to procure to deliver best value and savings through economies of scale where appropriate; and
- Continue to address the pressures placed on the community by the COVID 19 pandemic.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy Trust is not acting as a "custodian Trustee" for any charity for the period ending 31 August 2021.

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Period Ended 31 August 2021**

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**AUDITORS**

In so far as the Trustees are aware:

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

The auditors, UHY Hacker Young, were appointed in March 2021 for the period of this report. They have indicated their willingness to remain in office, and the audit process will be reviewed in detail and their re-appointment, or otherwise, considered following the forthcoming Annual General Meeting.

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, and signed on the board's behalf by:



**Richard Hover**  
Chairman of Trustees

Date: 7 December 2021

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Governance Statement**  
**For the Period Ended 31 August 2021**

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**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that Inspira 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.

As Trustees, we have reviewed and taken account of the guidance in the DfE's Governance Handbook and competency framework for governance.

The board of Trustees has delegated the day-to-day responsibility to the chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Inspira Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met two times during the period. Attendance during the period at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Richard Hover	2	2
Emma Whitehead	2	2
Ben Macphee	1	2
Agnieszka Gordon	2	2
Kimberley Foulkes	2	2

The Trustees are aware of the requirements of the Academies Financial Handbook to hold a minimum of three full board meetings each financial year, and the best practice number of six. Fewer than three meetings were held during 2021 only as a result of the timing of the Academy Trust's two academies converting on 1 April 2021. The Trustees consider that two full board meetings, alongside the one Finance, Audit and Risk Committee meeting (see below) in a five month operating period is more than sufficient to discharge their responsibilities and ensure robust governance and effective management arrangements. The board has planned six meetings for the coming year.

Governance reviews

As a new Academy Trust we are aware that we must carry out a review of governance in our first year. This is scheduled to be completed by the ESFA during November 2021 and the outcome will included in next year report.

Finance, Audit and Risk Committee

The Trustees have established the Finance, Audit and Risk Committee as a sub-committee of the main board of Trustees. Its purpose is to:

- Maintain an oversight of the Trust's financial, governance, risk management and internal control systems
- Report findings to the Trust Board.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Richard Hover	1	1
Emma Whitehead	1	1
Ben Macphee	1	1
Agnieszka Gordon	1	1

Kimberley Foulkes became a member of the Finance, Audit and Risk Committee with effect from 1 September 2021.

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Governance Statement**  
**For the Period Ended 31 August 2021**

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**Review of value for money**

As accounting officer, the chief executive has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy Trust has delivered improved value for money during the period by:

- Ensuring an appropriate finance system is in place to ensure that budgets are spent with best value in mind
- That key contracts on academy conversion were reviewed.
- School budgets were reviewed and set on 5-year plan
- Recruitment is reviewed in line with new budget plans
- Ensured that schools prioritise procurement of services that support a full operational return post COVID-19 restrictions

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Inspira Academy Trust for the period to 31 August 2021 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees.
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- setting targets to measure financial and other performance.
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- identification and management of risks.

The board of Trustees has decided to appoint a suitably qualified Trustee, a qualified accountant, to carry out the internal scrutiny for the period to 31 August 2021. This role included giving advice on financial and other matters and performing a range of checks on the Academy Trust's financial and other systems. In particular, the checks carried out in the current period included:

- testing of income and Governance Review;
- testing of purchase systems; and
- testing of month end controls and reporting.

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Governance Statement**  
**For the Period Ended 31 August 2021**

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The reviewer reported to the Board of Trustees, through the Finance, Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and prepared a summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

For the following year Strictly Education has been engaged to carry out the Internal Scrutiny based on the findings of the review carried out for the period covered by this report.

**Review of Effectiveness**

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

- the work of the Trust providing internal scrutiny services;
- the work of the external auditor;
- the financial management and governance self-assessment process or the school resource management self-assessment tool.
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance, audit and risk committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 7 December 2021 and signed on its behalf by:



**Richard Hover**  
Chairman of Trustees



**Dean Jones**  
Accounting Officer

Date: 7 December 2021

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Statement on Regularity, Propriety and Compliance**

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As accounting officer of Inspira Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with 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 2020.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all 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 2020.

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.



**Dean Jones**  
Accounting Officer

Date: 7 December 2021

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Statement of Trustees' responsibilities**  
**For the Period Ended 31 August 2021**

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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 Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial period. 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 2019 and the Academies Accounts Direction 2020 to 2021;
- 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 Trustees and signed on its behalf by:



**Richard Hover**  
Chair of Trustees

Date: 7 December 2021



**Independent Auditors' Report on the financial statements to the Members of Inspira Academy Trust**

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**Opinion**

We have audited the financial statements of Inspira Academy Trust (the 'academy trust') for the period ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and 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 2021 and of its incoming resources and application of resources, including its income and expenditure for the period 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 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and 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**

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

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

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

**Other information**

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

**Independent Auditors' Report on the financial statements to the Members of Inspira Academy Trust (continued)**

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**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 including the Strategic Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Trustees' responsibilities statement, 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.

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

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

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

*How the audit was considered capable of detecting irregularities including fraud*

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

- we identified the laws and regulations applicable to the Academy Trust through discussions with management, and from our commercial knowledge and experience of the academy and wider education sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the academy trust, including the Academies Financial Handbook, Annual Accounts Direction, Charity SORP and the Companies Act 2006;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the academy trust's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**Independent Auditors' Report on the financial statements to the Members of Inspira Academy Trust (continued)**

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management and representatives of Trustees as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Allan R. Hickie BSc FCA (Senior statutory auditor)**  
for and on behalf of

**UHY Kent LLP**  
Chartered Accountants  
Statutory Auditors  
Thames House  
Roman Square  
Sittingbourne  
Kent. ME10 4BJ

Date: 13 December 2021

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

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In accordance with the terms of our engagement letter dated 10 March 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Inspira Academy Trust during the period 1 April 2021 to 31 August 2021 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 Inspira Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Inspira Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Inspira Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Inspira Academy Trust's funding agreement with the Secretary of State for Education dated 26 March 2021 and the Academies Financial Handbook, extant from 1 September 2021, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 April 2021 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Inspira Academy Trust for the period ended 31 August 2021 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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

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**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the period 1 April 2021 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**UHY Kent LLP**  
Chartered Accountants  
Statutory Auditors  
Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

Date: 13 December 2021

**Inspira Academy Trust**  
**(A company limited by guarantee)**

**Statement of financial activities (incorporating income and expenditure account)**  
**For the Period Ended 31 August 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
<b>Income from:</b>					
Donations and capital grants:	4				
Transfer from Local Authority on conversion		174,771	(1,076,000)	10,521,554	9,620,325
Other donations and capital grants		4,453	-	15,020	19,473
Other trading activities	6	52,799	-	-	52,799
Funding for educational operations	5	10,701	1,426,168	-	1,436,869
<b>Total income</b>		<b>242,724</b>	<b>350,168</b>	<b>10,536,574</b>	<b>11,129,466</b>
<b>Expenditure on:</b>					
Charitable activities		10,602	1,543,001	51,837	1,605,440
<b>Total expenditure</b>		<b>10,602</b>	<b>1,543,001</b>	<b>51,837</b>	<b>1,605,440</b>
<b>Net income/(expenditure)</b>		<b>232,122</b>	<b>(1,192,833)</b>	<b>10,484,737</b>	<b>9,524,026</b>
Transfers between funds	17	(111,578)	111,578	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>120,544</b>	<b>(1,081,255)</b>	<b>10,484,737</b>	<b>9,524,026</b>
<b>Other recognised gains/(losses):</b>					
Actuarial losses on defined benefit pension schemes	24	-	(236,000)	-	(236,000)
<b>Net movement in funds</b>		<b>120,544</b>	<b>(1,317,255)</b>	<b>10,484,737</b>	<b>9,288,026</b>
<b>Reconciliation of funds:</b>					
Net movement in funds		120,544	(1,317,255)	10,484,737	9,288,026
<b>Total funds carried forward</b>	17	<b>120,544</b>	<b>(1,317,255)</b>	<b>10,484,737</b>	<b>9,288,026</b>

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 23 to 42 form part of these financial statements.

Inspira Academy Trust  
 (A company limited by guarantee)  
 Registered number: 13188733

**Balance Sheet**  
**As at 31 August 2021**

	Note	2021 £
<b>Fixed assets</b>		
Tangible assets	14	10,469,717
<b>Current assets</b>		
Debtors	15	135,250
Cash at bank and in hand		259,130
		<u>394,380</u>
Creditors: amounts falling due within one year	16	(161,071)
<b>Net current assets</b>		<u>233,309</u>
<b>Net assets excluding pension liability</b>		<u>10,703,026</u>
Defined benefit pension scheme liability	24	(1,415,000)
<b>Total net assets</b>		<u><u>9,288,026</u></u>
<b>Funds of the Academy Trust</b>		
<b>Restricted funds:</b>		
Fixed asset funds	17	10,484,737
Restricted income funds	17	97,745
		<u>10,582,482</u>
Restricted funds excluding pension liability	17	10,582,482
Pension reserve	17	(1,415,000)
<b>Total restricted funds</b>	17	<u>9,167,482</u>
<b>Unrestricted income funds</b>	17	<u>120,544</u>
<b>Total funds</b>		<u><u>9,288,026</u></u>

The financial statements on pages 20 to 42 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Richard Hover  
 Chair of Trustees

Date: 7 December 2021

The notes on pages 23 to 42 form part of these financial statements.

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Statement of Cash Flows**  
**For the Period Ended 31 August 2021**

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	Note	2021 £
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	19	244,110
<b>Cash flows from investing activities</b>	20	15,020
<b>Change in cash and cash equivalents in the period</b>		259,130
<b>Cash and cash equivalents at the end of the period</b>	21, 22	<u>259,130</u>

The notes on pages 23 to 42 form part of these financial statements



**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

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**1. General information**

Inspira Academy Trust is a company limited by guarantee, incorporated in England and Wales. The address of the registered office is detailed on page 1.

**2. 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.

**2.1 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 historic 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

**2.2 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.

**2.3 Income**

All income is recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

Notes to the Financial Statements  
For the Period Ended 31 August 2021

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2. Accounting policies (continued)

2.3 Income (continued)

• **Transfer on conversion**

Where assets and liabilities are received by the Academy 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 risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

2.4 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.

• **Expenditure on raising funds**

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

• **Charitable activities**

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

Where relevant, expenditure is shown inclusive of any irrecoverable VAT.

2.5 Taxation

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the period.

2.6 Tangible fixed assets

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

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

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

**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

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**2. Accounting policies (continued)**

**2.6 Tangible fixed assets (continued)**

Depreciation is provided on the following basis:

Long-term leasehold property	-	2%	straight line
Furniture and equipment	-	10%	straight line
Computer equipment	-	33%	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.

**2.7 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 bases are as follows:

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

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 cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**2.8 Operating leases**

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

**2.9 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

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**2. Accounting policies (continued)**

**2.10 Conversion to an academy trust**

The conversion from a state maintained school to academy status involves the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Chartham Primary School and St Stephen's Infant School to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 23.

**2.11 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

**3. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

We consider that there has been one key area of judgement in respect of the actuarial assumptions made leading to the closing pension scheme liability:

**The "McCloud/Sargeant judgements"**. These employment tribunal cases relate to all public sector pension schemes and not specifically to the academy trust. The cases relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material. Since then a consultation has taken place. Then, on 13 May 2021, the Government issued a ministerial statement which confirms that changes will be made to the LGPS Regulations to compensate members directly affected by the change to career average benefits from 1 April 2014. The Government's intention is that revised regulations will come into force on 1 April 2023, and draft regulations are expected later in 2021. In July 2021 the actuary has indicated that they do not believe there are any material differences between the approach underlying the estimated allowance and the proposed remedy, and therefore no further subsequent adjustment has been made.

Notes to the Financial Statements  
For the Period Ended 31 August 2021

4. Income from donations and capital grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Donations	4,453	-	-	4,453
Capital Grants	-	-	15,020	15,020
Transfer from Local Authority on conversion (see note 23)	174,771	(1,076,000)	10,521,554	9,620,325
	<u>179,224</u>	<u>(1,076,000)</u>	<u>10,536,574</u>	<u>9,639,798</u>

5. Funding for educational operations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	-	1,103,053	1,103,053
Other DfE/ESFA grants			
Rates reclaim	-	23,943	23,943
Pupil Premium	-	99,137	99,137
Universal Infant Free School Meals	-	29,566	29,566
PE & Sports Grant	-	15,333	15,333
Conversion grant	-	50,000	50,000
	-	<u>1,321,032</u>	<u>1,321,032</u>
<b>Other Government grants</b>			
Local Authority - Special educational needs	-	62,536	62,536
Local Authority - Other grants	-	2,650	2,650
	-	<u>65,186</u>	<u>65,186</u>
<b>Other income from educational operations</b>	10,701	-	10,701
<b>COVID-19 additional funding (DfE/ESFA)</b>			
Catch-up Premium	-	20,390	20,390
Other DfE/ ESFA Covid-19 funding	-	19,560	19,560
	-	<u>39,950</u>	<u>39,950</u>
	<u>10,701</u>	<u>1,426,168</u>	<u>1,436,869</u>

**Inspira Academy Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

**5. Funding for educational operations (continued)**

The Academy Trust received £20,390 of funding for catch-up premium, no funds were spent in the period, with the remaining £20,390 to be spent in 2021/22.

The Academy Trust received £19,560 of funding to cover the costs incurred in providing FSM vouchers to students in the period. There were no remaining funds to be carried forward into 2021/22.

**6. Income from other trading activities**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Lettings	9,881	9,881
Extended school	17,450	17,450
Insurance claims	14,080	14,080
Other	11,388	11,388
	<u>52,799</u>	<u>52,799</u>

**7. Expenditure**

	<b>Staff Costs 2021 £</b>	<b>Premises 2021 £</b>	<b>Other 2021 £</b>	<b>Total 2021 £</b>
Educational operations:				
Direct costs	946,790	51,837	53,568	1,052,195
Allocated support costs	245,663	114,434	193,148	553,245
	<u>1,192,453</u>	<u>166,271</u>	<u>246,716</u>	<u>1,605,440</u>

**8. Analysis of expenditure by activities**

	<b>Direct costs 2021 £</b>	<b>Support costs 2021 £</b>	<b>Total funds 2021 £</b>
Educational operations	<u>1,052,195</u>	<u>553,245</u>	<u>1,605,440</u>

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

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**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Total funds 2021 £</b>
Staff costs	245,663
Staff expenses	4,511
Educational supplies	2,031
Staff related insurance	7,396
Technology costs	16,036
Maintenance of premises	27,076
Cleaning and caretaking	39,085
Operating lease rentals	2,891
Rates	27,706
Energy	21,323
Security	875
Catering	69,329
Legal fees - conversion	11,560
Professional fees	76,500
Other support costs	1,263
	<hr/>
	553,245
	<hr/> <hr/>

**9. Net income/(expenditure)**

Net income/(expenditure) for the period includes:

	<b>2021 £</b>
Operating lease rentals	408
Depreciation of tangible fixed assets	51,837
Fees paid to auditors for:	
- audit	8,925
- other services	1,400
	<hr/> <hr/>

Notes to the Financial Statements  
For the Period Ended 31 August 2021

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10. Staff

a. Staff costs

Staff costs during the period were as follows:

	<b>2021</b>
	<b>£</b>
Wages and salaries	813,847
Social security costs	68,749
Pension costs	285,010
	<hr/>
	1,167,606
Agency staff costs	24,847
	<hr/>
	<u>1,192,453</u>

b. Staff numbers

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

	<b>2021</b>
	<b>No.</b>
Management	4
Teachers	34
Admin & Support	58
	<hr/>
	96
	<hr/>

The average headcount expressed as full-time equivalents was:

	<b>2021</b>
	<b>No.</b>
Management	4
Teachers	29
Admin & Support	36
	<hr/>
	69
	<hr/>



Notes to the Financial Statements  
For the Period Ended 31 August 2021

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10. Staff (continued)

c. Higher paid staff

No employee received remuneration amounting to more than £60,000.

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 £137,462.

11. Central services

The Academy Trust has provided the following central services to its academies during the period:

- Provision of school improvement lead
- Provision of a business support service
- Provision of trust clerk for all levels of governance
- Insurance cover
- Internal audit, external audit, Teachers' Pension EOYC audit
- Local Government Pension Scheme actuarial report
- Trust leadership team subscriptions/ membership
- Leadership Coaching for Trust Leadership Team
- CPD
- Trustees' subscriptions/ memberships
- Corporate banking facility
- Trust website and domain registration
- Information Commissioners Office registration
- DBS costs for trustees, members and central staff

The Academy Trust charges for these services on the following basis:

8.25% of General Annual Grant (GAG) funding.

The actual amounts charged during the period were as follows:

	2021 £
Chartham Primary School	50,160
St Stephen's Infant School	40,842
<b>Total</b>	<u>91,002</u>

12. Trustees' remuneration and expenses

During the period, no Trustees received any remuneration or other benefits.

During the period ended 31 August 2021, no Trustee expenses have been incurred.

**Inspira Academy Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

**13. Trustees' and Officers' insurance**

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

**14. Tangible fixed assets**

	<b>Long-term leasehold property £</b>	<b>Furniture and equipment £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
Acquired on conversion	10,496,520	3,885	21,149	10,521,554
At 31 August 2021	<u>10,496,520</u>	<u>3,885</u>	<u>21,149</u>	<u>10,521,554</u>
<b>Depreciation</b>				
Charge for the period	48,767	162	2,908	51,837
At 31 August 2021	<u>48,767</u>	<u>162</u>	<u>2,908</u>	<u>51,837</u>
<b>Net book value</b>				
At 31 August 2021	<u><u>10,447,753</u></u>	<u><u>3,723</u></u>	<u><u>18,241</u></u>	<u><u>10,469,717</u></u>

Included in the net book value of property displayed above are the following amounts ascribable to land:

	<b>2021</b>
	<b>£</b>
Long-term leasehold land	<u><u>4,644,520</u></u>

**15. Debtors**

	<b>2021</b>
	<b>£</b>
<b>Due within one year</b>	
Trade debtors	470
Recoverable VAT	51,816
Prepayments and accrued income	82,964
	<u><u>135,250</u></u>

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

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**16. Creditors: Amounts falling due within one year**

	<b>2021</b>
	<b>£</b>
Trade creditors	69,154
Accruals and deferred income	91,917
	<u>161,071</u>
	<u>161,071</u>
	<b>2021</b>
	<b>£</b>
Resources deferred during the period	60,819
	<u>60,819</u>
	<u>60,819</u>

The deferred income is in respect of Universal Infant Free School Meals grant funding received in advance of the 2021/22 academic year.

**Inspira Academy Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

**17. Statement of funds**

	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
<b>Unrestricted funds</b>					
General Funds	242,724	(10,602)	(111,578)	-	120,544
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,103,053	(1,201,824)	117,726	-	18,955
Pupil Premium	99,137	(76,794)	-	-	22,343
UIFSM	29,566	(20,205)	-	-	9,361
PE & Sports Funding	15,333	(8,197)	-	-	7,136
Other Government Grants	65,186	(65,186)	-	-	-
Covid Catch Up Funding	20,390	-	-	-	20,390
Other ESFA/DfE funding	43,503	(9,954)	(13,989)	-	19,560
Conversion Grant	50,000	(57,841)	7,841	-	-
Pension reserve	(1,076,000)	(103,000)	-	(236,000)	(1,415,000)
	<u>350,168</u>	<u>(1,543,001)</u>	<u>111,578</u>	<u>(236,000)</u>	<u>(1,317,255)</u>
<b>Restricted fixed asset funds</b>					
Fixed assets	10,521,554	(51,837)	-	-	10,469,717
Other ESFA/DfE capital grants	15,020	-	-	-	15,020
	<u>10,536,574</u>	<u>(51,837)</u>	<u>-</u>	<u>-</u>	<u>10,484,737</u>
<b>Total Restricted funds</b>	<u>10,886,742</u>	<u>(1,594,838)</u>	<u>111,578</u>	<u>(236,000)</u>	<u>9,167,482</u>
<b>Total funds</b>	<u><u>11,129,466</u></u>	<u><u>(1,605,440)</u></u>	<u><u>-</u></u>	<u><u>(236,000)</u></u>	<u><u>9,288,026</u></u>

**17. Statement of funds (continued)**

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

The General Annual Grant (GAG) represents core funding for the educational activities of the Academy Trust and has been provided by the Education and Skills Funding Agency (ESFA) by the Department for Education.

GAG must be used for the normal running costs of the academy trust. The transfer into the GAG fund is from the unrestricted fund and has been made to cover the excess of GAG expenditure over GAG income in the period.

The Pupil premium fund is used to track funding received to improve education outcomes for disadvantaged pupils.

The UIFSM fund is used to track the funding received to offer free school meals to pupils in reception, year 1 and year 2.

The PE & Sports fund is used to track the funding received to help ensure that children have access to sport and physical activities.

Covid catch-up premium relates to additional funding provided by the DfE to support children and young people to catch up on missed learning caused by coronavirus (Covid-19). This will be spent in the 2021/22 year.

The Other DfE/ESFA grants fund is used to track other government grant money received from the DfE/ESFA and connected bodies.

The conversion grant fund is used to track the government funding received to cover the costs of conversion to an academy trust. The transfer into this fund is from the unrestricted fund, and has been made to cover the excess of expenditure over the grant income in the period.

The other government grants fund is used to track grants provided by government departments.

The pension reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

Notes to the Financial Statements  
For the Period Ended 31 August 2021

17. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £
Chartham Primary School	90,736
St Stephen's Infant School	114,518
Central	13,035
Total before fixed asset funds and pension reserve	218,289
Restricted fixed asset fund	10,484,737
Pension reserve	(1,415,000)
<b>Total</b>	<b>9,288,026</b>

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2021 £
Chartham Primary School	509,678	58,890	28,791	116,843	714,202
St Stephen's Infant School	389,519	50,961	24,377	114,937	579,794
Central	47,593	135,812	400	75,802	259,607
<b>Academy Trust</b>	<b>946,790</b>	<b>245,663</b>	<b>53,568</b>	<b>307,582</b>	<b>1,553,603</b>

**Inspira Academy Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

**18. Analysis of net assets between funds**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Restricted fixed asset funds 2021 £</b>	<b>Total funds 2021 £</b>
Tangible fixed assets	-	-	10,469,717	10,469,717
Current assets	120,544	258,816	15,020	394,380
Creditors due within one year	-	(161,071)	-	(161,071)
Provisions for liabilities and charges	-	(1,415,000)	-	(1,415,000)
<b>Total</b>	<b>120,544</b>	<b>(1,317,255)</b>	<b>10,484,737</b>	<b>9,288,026</b>

**19. Reconciliation of net income to net cash flow from operating activities**

	<b>2021 £</b>
Net income for the period (as per Statement of financial activities)	9,524,026
<b>Adjustments for:</b>	
Depreciation	51,837
Capital grants from DfE and other capital income	(15,020)
Defined benefit pension scheme obligation inherited	1,076,000
Defined benefit pension scheme cost less contributions payable	94,000
Defined benefit pension scheme finance cost	9,000
(Increase)/decrease in debtors	(135,250)
Increase in creditors	161,071
Fixed assets transferred from LA on conversion	(10,521,554)
<b>Net cash provided by operating activities</b>	<b>244,110</b>

**20. Cash flows from investing activities**

	<b>2021 £</b>
Capital grants from DfE Group	15,020

**Inspira Academy Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

**21. Analysis of cash and cash equivalents**

	<b>2021</b>
	<b>£</b>
Cash in hand and at bank	259,130

**22. Analysis of changes in net debt**

	<b>Cash flows</b>	<b>At 31 August</b>
	<b>£</b>	<b>2021</b>
		<b>£</b>
Cash at bank and in hand	259,130	259,130

**23. Conversion to an academy trust**

On 1 April 2021 both Chartham Primary School and St Stephen's Infant School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Inspira Academy Trust from Kent County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Restricted fixed asset funds</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Tangible fixed assets</b>				
Leasehold land and buildings	-	-	10,496,520	10,496,520
Other tangible fixed assets	-	-	25,034	25,034
<b>Current assets</b>				
Cash - representing budget surplus on LA funds	174,771	-	-	174,771
Local Government Pension Scheme deficit	-	(1,076,000)	-	(1,076,000)
<b>Net assets/(liabilities)</b>	<b>174,771</b>	<b>(1,076,000)</b>	<b>10,521,554</b>	<b>9,620,325</b>



**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

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**24. Pension commitments**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £122,000.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Notes to the Financial Statements  
For the Period Ended 31 August 2021

24. Pension commitments (continued)

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2021 was £76,000, of which employer's contributions totalled £60,000 and employees' contributions totalled £16,000. The agreed contribution rates for future years are 21%, increasing to 22.5% from 1 April 2022 for employers, and 5.5-12.5% for employees.

As described in note 23 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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>2021</b>
	%
Rate of increase in salaries	3.85
Rate of increase for pensions in payment/inflation	2.85
Inflation assumption (CPI)	1.70

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

	<b>2021</b>
	Years
<i>Retiring today</i>	
Males	21.6
Females	23.6
<i>Retiring in 20 years</i>	
Males	22.9
Females	25.1

**Sensitivity analysis**

	<b>2021</b>
	£000
Discount rate +0.1%	(73)
Discount rate -0.1%	75
Mortality assumption - 1 year increase	102
Mortality assumption - 1 year decrease	(98)
CPI rate +0.1%	68
CPI rate -0.1%	(66)

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**Inspira Academy Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

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**24. Pension commitments (continued)**

**Share of scheme assets**

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

	<b>2021</b>
	<b>£</b>
Equities	809,000
Gilts	7,000
Corporate bonds	171,000
Property	127,000
Cash and other liquid assets	35,000
Other	86,000
<b>Total market value of assets</b>	<b>1,235,000</b>

The actual return on scheme assets was £54,000.

The amounts recognised in the Statement of Financial Activities are as follows:

	<b>2021</b>
	<b>£</b>
Current service cost	(154,000)
Interest income	10,000
Interest cost	(19,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(163,000)</b>

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

	<b>2021</b>
	<b>£</b>
Transferred in on converting academies joining the trust	2,181,000
Current service cost	154,000
Interest cost	19,000
Employee contributions	16,000
Actuarial losses/(gains)	280,000
<b>At 31 August</b>	<b>2,650,000</b>

**Notes to the Financial Statements**  
**For the Period Ended 31 August 2021**

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**24. Pension commitments (continued)**

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	<b>2021</b>
	<b>£</b>
Transferred in on converting academies joining the trust	1,105,000
Interest income	10,000
Actuarial gains	44,000
Employer contributions	60,000
Employee contributions	16,000
<b>At 31 August</b>	<u><u>1,235,000</u></u>

**25. Operating lease commitments**

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

**26. Members' liability**

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

**27. Related party transactions**

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academics Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the period, the Polish Saturday School, of which A. Gordon, a trustee is Head Teacher, rented a room from St Stephen's Infant School under a standard letting agreement and normal commercial terms. The lettings income received in the period was £360, and amounts outstanding at the period end were £360.