

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and Administrative Details	1
Trustees' Report	2 - 12
Governance Statement	13 - 17
Statement on Regularity, Propriety and Compliance	18
Statement of Trustees' Responsibilities	19
Independent Auditors' Report on the Financial Statements	20 - 22
Independent Reporting Accountant's Report on Regularity	23 - 24
Statement of Financial Activities Incorporating Income and Expenditure Account	25 - 26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements	29 - 56

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	T Stafford H K Christie M Snow G E Read The Diocese of Leicester Education Trust
Trustees	G E Read, Chair of Trustees M E Sandford, Chief Executive Officer P Bell K A Campbell J R G Taylor M De Middelaer (appointed 6 March 2019) S J Robson R Howes R Keenan (appointed 29 March 2019) P A Grimwood (resigned 6 March 2019) J Clarke
Company registered number	08540699
Company name	Inspiring Primaries Academy Trust
Principal and registered office	Church Lane Gilmorton Lutterworth Leicestershire LE17 5EU
Senior management team	M E Sandford, Chief Executive Officer M Nichols, Chief Financial Officer
Independent auditors	Magma Audit LLP Chartered Accountants Unit 2, Charnwood Edge Business Park Syston Road Cossington Leicestershire LE7 4UZ

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

During the year ending 31 August 2019, Inspiring Primaries Academy Trust consisted of the following Academies in South and West Leicestershire: All Saints CE Primary School in Sapcote, Claybrooke Primary School, Dunton Bassett Primary School, Gilmorton Chandler CE Primary School, John Wycliffe Primary School, Sharnford CE Primary School, St Margaret's CE Primary School in Stoke Golding, St Mary's CE Primary School in Bitteswell and Ullesthorpe CE Primary School.

The Academy Trust operates 9 primary academies in Leicestershire. Its Academies have a combined pupil capacity of 1519 and had a roll of 1393 in September 2018.

Structure, governance and management

• Constitution

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

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

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

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

• Members' liability

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

• Trustees' indemnities

In accordance with normal practice the school has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, errors or omissions whilst on school business. The cover under the policy is £3 million and in the year under review the sum of £1146 paid in premiums.

• Method of recruitment and appointment or election of Trustees

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

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

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

● **Policies adopted for the induction and training of Trustees**

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

● **Organisational structure**

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

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

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

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

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

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

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

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

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

Review the staffing structure of the Trust based on plans presented by the CEO/CFO and funds available for the Trust.

Ensure that a consistent approach to performance management is adopted across the Trust.

Consider and approve a pay policy for the Trust and ensure that a consistent approach to pay review is in place across the Trust.

Ensure that the Trust adopts an appropriate range of personnel procedures e.g. disciplinary, grievance, capability and remuneration.

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

● **Trade union facility time**

Relevant union officials

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

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	1
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	540
Total pay bill	5,384,904
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	70 %
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INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

● **Related parties and other connected charities and organisations**

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

Objectives and activities

● **Objects and aims**

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

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

Its aims are:

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

● **Objectives, strategies and activities**

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

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

• **Public benefit**

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Strategic report

Achievements and performance

• **Key performance indicators**

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

Early Years	IPAT schools 2019	IPAT schools 2018	National 2019
Good Level of Development	71.5%	66%	71.8%

Year 1 Phonics Screening	IPAT schools 2019	IPAT schools 2018	National 2019
Pass rate	78.2%	78%	81.9%

End Key Stage 1						
Subject	Expected standard or above			Above expected standard		
	IPAT 2019	IPAT 2018	National 2019	IPAT 2019	IPAT 2018	National 2019
Reading	78.0%	82.4%	74.9%	23.9%	29.2%	25.0%
Writing	71.7%	82.4%	69.2%	13.7%	17.0%	14.7%
Maths	77.6%	81.9%	75.6%	20.0%	25.0%	21.7%
RWM combined	67.8%	68.6%	64.9%	11.2%	13.7%	11.2%

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

End Key Stage 2									
Subject	Expected standard or above			Above expected standard			Scaled score		
	IPAT 2019	IPAT 2018	National 2019	IPAT 2019	IPAT 2018	National 2019	IPAT 2019	IPAT 2018	National 2019
Reading	71.6%	79.2%	73.1%	26.4%	31.3%	26.9%	104.1	105.7	104.4
Writing	72.6%	78.6%	78.4%	12.9%	20.3%	20.1%	NA		
Maths	71.1%	77.6%	78.6%	18.9%	20.3%	26.6%	103.2	104.2	105.0
RWM combined	58.7%	65.6%	64.8%	5.0%	10.4%	10.5%	NA		
GPS	72.6%	77.1%	78.0%	28.4%	37.0%	35.6%	104.3	106.1	106.3
Reading progress	-0.55	-0.06	0.0						
Writing progress	-1.96	-0.74	0.0						
Maths progress	-2.08	-0.58	0.0						

Areas for development are:

To continue to accelerate progress and raise attainment by the end of EYFS and in the phonics screening check

To raise attainment in all core curriculum areas at greater depth by the end of both Key Stages 1 and 2

Accelerate progress to improve outcomes for disadvantaged pupils, those with special educational needs and/or disabilities and those of Gypsy, Roma or Traveller ethnicity

Relocation of talent to greatest areas of need

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

Other Key Performance Indicators

Spending as a % of Total expenditure	Actual 2018/19
Teaching staff	45.94%
Supply staff	1.81%
Education Support Staff	18.5%
Administration & Clerical staff	6.44%
Other Staff Costs	3.65%
Premises, incl staff costs	6.91%
Teaching resources	6.55%
Other Spending	8.95%
Reserves / balances as a % of total income	
In year balance	1.36%
Revenue reserve	9.32%
Trust Characteristics	
Average Teacher Cost	£50,569
Senior Leaders as % of workforce	8.69%
Pupil to Teacher ratio	23
Pupil to adult ratio	10.28
Teacher Contact ratio	77.55%
Average class size	27.66

● **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 they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Financial review

● **Financial review**

The Academy Trust had a net increase in funds for the year ended 31 August 2019 of £852,161 including fixed assets movements but excluding pension reserve movements. As at 31 August 2019 the Academy Trust held £598,056 of unrestricted reserves plus £107,550 of unspent (non fixed asset) restricted funds. The Academy Trust therefore held combined unrestricted and non fixed asset restricted funds, being its available reserves of £705,606.

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £2,995,000 at 31 August 2019 and a fixed asset reserve of £5,283,803, being the book value of past purchases plus unspent funds of £103,523.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

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

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

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

● **Reserves policy**

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

The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be £447,756 or 8.33% of GAG. Actual free reserves plus unspent GAG as at 31 August 2019 were £613,807, being approximately £166,000 higher than the target level set by the Trustees due to the following:

- Uncertainties regarding Minimum Funding Guarantees & pay grants post 2019/20
- Contribution towards CIF Funding for incomplete 18-19 works and 19-20 bids
- Estates works in smaller schools under the £20,000 threshold required for CIF funding.
- Funding for growth in schools not eligible for Pupil Growth Funding
- Cost of Central admin support for one year pending growth of the trust & impact of procurement savings;

The Academy also held other available restricted funds at the year end of £91,799 being unspent grants. Total available reserves, being both the above figures at 31 August 2019 were £705,606. Cash at bank at 31 August 2019 was £1,311,981, higher than total available reserves due principally to accruals timing differences at the year end.

At 31 August 2019 the Academy's fixed asset reserve of £5,283,803, represented funds which could only be realised if the assets were sold plus unspent funds of £103,523.

The only reserve in deficit at the year end was the pension reserve (deficit of £2,995,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

● **Investment policy**

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

● **Principal risks and uncertainties**

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

The key risks identified by the Trustees are:

- Pupil Outcomes. A decline of pupils' attainment and school performance. This is mitigated by rigorous monitoring of performance; a continued focus on leadership and high quality teaching, early identification and tracking of vulnerable and under performing groups and developing and improving governance
- NOR Fluctuations. Material fluctuations in numbers either through falling NOR, school expansion or pupil mobility. This is mitigated by monitoring of NOR movements at schools: monitoring, reviewing and planning for Local Authority pupil number projections; identifying and addressing any issues arising from unusual pupil movement patterns;
- Estates. Liability for building maintenance and repairs being beyond the Trust's financial capacity to address. This is being mitigated by the establishment of a comprehensive estates plan including condition surveys and strategic estate planning; use of reserves to support CIF bids for high priority repair projects; robust due diligence processes for any schools joining the trust
- Financial. Continued uncertainty around long term funding, including discretionary grants and impacts of unfunded pay awards, pension or NI changes. This is mitigated through the use of 3-5 year budget planning reviews being updated regularly to model the impact of funding changes when they are announced so that impacts can be identified early and actions taken as appropriate; Use of reserves to transition significant changes
- Capacity and over reliance on central services personnel. The Trust becomes over reliant on the CEO and CFO for the management and development of the Trust. This is mitigated by the creation of leadership, teaching and support groups to build knowledge and capacity across the Trust; investment in MIS to support shared data and remote working; succession planning

The Trustees are satisfied that systems to mitigate exposure to major risks are in place, being updated or being introduced.

At 31 August 2019 the pension deficit on the Local Government Pension Scheme stood at £2,995,000. The Trust has mitigated its risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known, when they are updated every three years.

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

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

Funds were raised through the following activities:

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

Plans for future periods

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

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

Funds held as custodian on behalf of others

No funds are held on behalf of others.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Disclosure of information to auditors (continued)

Auditors

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 11 December 2019 and signed on its behalf by:

G E Read
Chair of Trustees

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Inspiring Primaries Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of 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 5 times during the year.

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

Trustee	Meetings attended	Out of a possible
G E Read, Chair of Trustees	4	5
M E Sandford, Chief Executive Officer	5	5
P Bell	2	5
K A Campbell	4	5
J R G Taylor	5	5
M De Middelaer	2	2
S J Robson	4	5
R Howes	4	5
R Keenan	0	1
P A Grimwood	3	3
J Clarke	0	5

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

Governance reviews:

The following aims were identified by the Board of Trustees:

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As accounting officer, the CEO 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 year by:

Improving Educational Outcomes:

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

This is demonstrated by:

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

Better Purchasing:

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

- Securing trust wide contracts compliance to get the best mix of quality, service and cost;
- Exploring alternative purchasing options (both on line and direct suppliers) even for small purchases to ensure value for money;
- Requiring suppliers to compete on the grounds of cost, quality and suitability of goods and services;
- Competitive tendering procedures including option appraisal of the costs and benefits of alternatives over the longer term;
- Benchmarking financial performance against other academy trusts and similar schools;
- Use of the DFE Deals for Schools arrangements;
- Use of technology to provide operational efficiencies, e.g. integrated centralised IT systems instead of standalone local ones.

Maximising Income Generation:

Processes are in place to maximise income including:

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

Reviewing Controls and Managing Risks:

Regular budget monitoring reports are produced and reviewed by the CFO, CEO, Business/Office Managers and Headteachers and any necessary remedial action taken to address any significant variances that may have an impact on the budget out turn. Budget allocations are updated and approved by the Trustees and Local Governing Body representatives at least termly, in order to control spending. Actions taken to mitigate risk are outlined in the risk registers, Headteachers, and CEO/CFO reports. Registers are reviewed termly as a minimum and where appropriate, professional advice e.g. Legal, HR, Finance is sought.

Reviewing Operation to Maximise Use of Resources:

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

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 Inspiring Primaries Academy Trust for the year 1 September 2018 to 31 August 2019 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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees reviewed its internal auditor arrangements for the year ended 31 August 2019 using a combination of internal staff and an external adviser, Jane Ripley.

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

- testing on payroll systems
- testing of purchase systems
- testing of control accounts and bank reconciliations

On an annual basis, the internal auditor reports to the board of Trustees through the Finance and Audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The latest internal audit works were carried out in August 2019 and recommendations presented to the Finance & Audit Committee. No material control issues were identified as a result of the internal auditors review work and most of the recommendations had been implemented by the time of presentation. Trustees have agreed that all recommendations made by the internal auditor will be introduced under the direction of the CFO and CEO during the Autumn term or within the following year as applicable.

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditors;
- 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 Board of Trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the board of Trustees on 11 December 2019 and signed on their behalf by:

G E Read
Chair of Trustees

M E Sandford
Accounting Officer

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Inspiring Primaries Academy Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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 2018.

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

M E Sandford
Accounting Officer
Date: 11 December 2019

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 on 11 December 2019 and signed on its behalf by:

G E Read
Chair of Trustees

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Inspiring Primaries Academy Trust (the 'academy trust') for the year ended 31 August 2019 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' and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy 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.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

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

Auditors' responsibilities for the audit of the financial statements

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

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

Luke Turner ACA FCCA (Senior Statutory Auditor)

for and on behalf of
Magma Audit LLP

Chartered Accountants

Unit 2, Charnwood Edge Business Park

System Road

Cossington

Leicestershire

LE7 4UZ

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 26 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Inspiring Primaries Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Inspiring Primaries Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 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.

The work undertaken to draw our conclusion includes:

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Magma Audit LLP

Unit 2, Charnwood Edge Business Park
System Road
Cossington
Leicestershire
LE7 4UZ

Date:

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants:	3					
Transfer from Local Authority on conversion		-	-	-	-	6,021
Donations and capital grants		56,544	18,990	943,794	1,019,328	614,928
Charitable activities	4	104,661	6,193,191	-	6,297,852	5,723,044
Other trading activities	5	51,251	-	-	51,251	107,402
Investments	6	669	-	-	669	558
Total income		213,125	6,212,181	943,794	7,369,100	6,451,953
Expenditure on:						
Raising funds		92,496	-	-	92,496	110,064
Charitable activities:						
Other charitable activities		45,902	6,618,334	191,586	6,855,822	6,187,559
Transfer from Local Authority on conversion		(73,145)	97,000	(10,234)	13,621	-
Total expenditure	7	65,253	6,715,334	181,352	6,961,939	6,297,623
Net income/(expenditure)		147,872	(503,153)	762,442	407,161	154,330
Transfers between funds	17	-	(50,541)	50,541	-	-
Net movement in funds before other recognised gains/(losses) carried forward		147,872	(553,694)	812,983	407,161	154,330

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Net movement in funds before other recognised gains/(losses) brought forward	147,872	(553,694)	812,983	407,161	154,330
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	-	(726,000)	-	(726,000)	336,000
	147,872	(1,279,694)	812,983	(318,839)	490,330
Net movement in funds					
Reconciliation of funds:					
Total funds brought forward	450,184	(1,607,756)	4,470,820	3,313,248	2,822,918
Net movement in funds	147,872	(1,279,694)	812,983	(318,839)	490,330
Total funds carried forward	598,056	(2,887,450)	5,283,803	2,994,409	3,313,248

The notes on pages 29 to 56 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	5,180,280	4,470,820
		<u>5,180,280</u>	<u>4,470,820</u>
Current assets			
Debtors	15	773,885	251,087
Cash at bank and in hand		1,311,981	1,042,618
		<u>2,085,866</u>	<u>1,293,705</u>
Creditors: amounts falling due within one year	16	(1,276,737)	(627,277)
Net current assets		<u>809,129</u>	<u>666,428</u>
Total assets less current liabilities		<u>5,989,409</u>	<u>5,137,248</u>
Net assets excluding pension liability		<u>5,989,409</u>	<u>5,137,248</u>
Defined benefit pension scheme liability	24	(2,995,000)	(1,824,000)
Total net assets		<u><u>2,994,409</u></u>	<u><u>3,313,248</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset fund	17	5,283,803	4,470,820
Restricted income fund	17	107,550	216,244
		<u>5,391,353</u>	<u>4,687,064</u>
Restricted funds excluding pension liability	17	5,391,353	4,687,064
Pension reserve	17	(2,995,000)	(1,824,000)
Total restricted funds	17	<u>2,396,353</u>	<u>2,863,064</u>
Unrestricted income funds	17	<u>598,056</u>	<u>450,184</u>
Total funds		<u><u>2,994,409</u></u>	<u><u>3,313,248</u></u>

The financial statements on pages 25 to 56 were approved by the Trustees, and authorised for issue on 11 December 2019 and are signed on their behalf, by:

G E Read
Chair of Trustees

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	<i>2018</i> <i>£</i>
Cash flows from operating activities			
Net cash provided by operating activities	19	228,951	585,365
Cash flows from investing activities	20	40,412	<i>(46,150)</i>
Change in cash and cash equivalents in the year		269,363	539,215
Cash and cash equivalents at the beginning of the year		1,042,618	503,403
Cash and cash equivalents at the end of the year	21	<u>1,311,981</u>	<u><i>1,042,618</i></u>

The notes on pages 29 to 56 form part of these financial statements

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year 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.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income (continued)

- **Other income**

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

- **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. The land and buildings are held on a 125 year lease with the Local Authority. The cost of the land and buildings was arrived at using the ESFA standard valuation on a depreciated replacement cost basis provided to the academy. This provided a value for the land and buildings as at the date of conversion.

- **Donated fixed assets (excluding transfers on conversion or into the Academy Trust)**

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

1.4 Expenditure

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

- **Expenditure on raising funds**

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.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.6 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.

1.7 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 freehold 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:

Depreciation is provided on the following bases:

Leasehold buildings	- 2% straight line
Leasehold land	- not depreciated
Leasehold improvements	- 6% straight line
Furniture and equipment	- 15% straight line
Computer equipment	- 25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

1.8 Cash at bank and in hand

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.9 Liabilities

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

1.10 Provisions

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

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

1.11 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. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

1.12 Operating leases

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.13 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.

1.14 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. 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 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.

Defined benefit pension scheme

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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

Tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property plant and equipment, and note 1.7 for the useful economic lives for each class of assets.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Donations	56,544	18,990	-	75,534	128,686
Capital grants	-	-	943,794	943,794	486,242
Transfer from Local Authority on conversion	-	-	-	-	6,021
	<u>56,544</u>	<u>18,990</u>	<u>943,794</u>	<u>1,019,328</u>	<u>620,949</u>
<i>Total 2018</i>	<u>97,310</u>	<u>37,397</u>	<u>486,242</u>	<u>620,949</u>	

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Funding for the Academy Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,373,070	5,373,070	4,900,480
Other DfE Group grants	58,759	636,518	695,277	560,406
Start-up grants	-	-	-	65,000
	<u>58,759</u>	<u>6,009,588</u>	<u>6,068,347</u>	<u>5,525,886</u>
Other government grants				
Local Authority grants	-	183,603	183,603	170,792
	<u>-</u>	<u>183,603</u>	<u>183,603</u>	<u>170,792</u>
Other funding				
Insurance income	45,902	-	45,902	26,366
	<u>104,661</u>	<u>6,193,191</u>	<u>6,297,852</u>	<u>5,723,044</u>
<i>Total 2018</i>	<u><u>27,142</u></u>	<u><u>5,695,902</u></u>	<u><u>5,723,044</u></u>	

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Lettings income	16,696	16,696	16,111
Consultancy income	1,750	1,750	49,827
Fundraising income	17,207	17,207	31,937
Sundry income	15,598	15,598	9,527
	<u>51,251</u>	<u>51,251</u>	<u>107,402</u>

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Bank interest	669	669	558

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	<i>Total 2018 £</i>
Expenditure on fundraising trading activities:					
Allocated support costs	62,062	-	30,434	92,496	110,064
Educational operations:					
Direct costs	2,555,588	24,368	810,490	3,390,446	3,848,360
Allocated support costs	2,767,254	319,049	379,073	3,465,376	2,339,199
Transfer from Local Authority on conversion	-	-	13,621	13,621	-
	<u>5,384,904</u>	<u>343,417</u>	<u>1,233,618</u>	<u>6,961,939</u>	<u>6,297,623</u>
<i>Total 2018</i>	<u><u>4,862,341</u></u>	<u><u>379,592</u></u>	<u><u>1,055,690</u></u>	<u><u>6,297,623</u></u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Educational operations	3,390,446	3,465,376	6,855,822	6,187,559
<i>Total 2018</i>	<u><u>3,848,360</u></u>	<u><u>2,339,199</u></u>	<u><u>6,187,559</u></u>	

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2019 £	<i>Total funds 2018 £</i>
LGPS pension interest cost (£127,000) less return on assets (£70,000)	57,000	50,000
Staff costs	2,555,588	3,112,452
Depreciation	143,689	110,778
Educational supplies	263,589	214,295
Staff development	33,187	25,392
Other direct costs	280,242	280,475
Technology costs	57,151	54,968
	3,390,446	3,848,360

Analysis of support costs

	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff costs	2,767,254	1,709,057
Depreciation	47,897	36,926
Staff development	929	18,557
Other direct costs	-	61,527
Maintenance of premises and equipment	127,999	105,469
Cleaning	27,727	17,842
Rates	45,717	50,341
Insurance	35,916	33,964
Catering	4,275	1,699
Other support costs	168,787	135,184
Energy costs	81,690	70,465
Governance	56,634	54,178
Professional fees	78,151	7,185
Auditors' remuneration	22,400	36,805
	3,465,376	2,339,199

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	8,872	13,213
Depreciation of tangible fixed assets	191,586	147,704
Fees paid to auditors for:		
- audit	21,000	21,000
- other services	1,400	13,213
	191,586	147,704

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	4,007,936	3,661,697
Social security costs	320,480	284,573
Pension costs	1,013,650	902,569
	5,342,066	4,848,839
Agency staff costs	41,192	13,502
Staff restructuring costs	1,646	-
	5,384,904	4,862,341

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	1,646	-
	1,646	-

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs (continued)

b. Staff numbers

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

	2019	<i>2018</i>
	No.	<i>No.</i>
Teachers	64	<i>65</i>
Administration and support	145	<i>138</i>
Management	13	<i>8</i>
	222	<i>211</i>

c. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	1	<i>-</i>
In the band £70,001 - £80,000	-	<i>1</i>
In the band £80,001 - £90,000	1	<i>-</i>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019 pension contributions for these staff members amounted to £23,271 (£12,930).

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £135,445 (2018 - £135,688). These figures include salary costs of all Trustees employed by the academy, even where they have no management role within their employment.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Central services

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

- Human resources
- Financial services
- Legal services
- Educational support services
- SEN Services
- Health and safety services
- Insurance
- IT Licenses and support
- Others as arising

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

5% of GAG funding.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
All Saints Church of England Primary School	42,178	39,146
Claybrooke Primary School	19,198	20,494
Dunton Bassett Primary School	21,104	-
Gilmorton Chandler Church of England Primary School	37,767	37,576
John Wycliffe Primary School	46,567	45,736
Sharnford Primary School	17,620	16,880
St Margaret's Church of England Primary School	39,932	37,535
St Mary's Church of England Primary School Bitteswell	23,352	23,150
Ullesthorpe Primary School	19,819	21,650
Total	267,537	242,167

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
M E Sandford, Chief Executive Officer	Remuneration	80,000 - 85,000	75,000 - 80,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Trustees' remuneration and expenses (continued)

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

13. Trustees' and officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2019 was £1,146 (2018 - £1,069). The cost of this insurance is included in the total insurance cost.

14. Tangible fixed assets

	Leasehold property £	Leasehold improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2018	3,701,100	510,910	388,448	125,486	4,725,944
Additions	-	809,755	56,029	25,028	890,812
Transfers intra group	-	-	2,400	7,834	10,234
At 31 August 2019	<u>3,701,100</u>	<u>1,320,665</u>	<u>446,877</u>	<u>158,348</u>	<u>5,626,990</u>
Depreciation					
At 1 September 2018	76,633	45,298	86,767	46,426	255,124
Charge for the year	61,306	35,335	62,079	32,866	191,586
At 31 August 2019	<u>137,939</u>	<u>80,633</u>	<u>148,846</u>	<u>79,292</u>	<u>446,710</u>
Net book value					
At 31 August 2019	<u>3,563,161</u>	<u>1,240,032</u>	<u>298,031</u>	<u>79,056</u>	<u>5,180,280</u>
At 31 August 2018	<u>3,624,467</u>	<u>465,612</u>	<u>301,681</u>	<u>79,060</u>	<u>4,470,820</u>

See note 1.3 regarding assets transferred on conversion.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	3,572	17,304
Other debtors	180,098	73,012
Prepayments and accrued income	590,215	160,771
	773,885	251,087
	773,885	251,087

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	843,433	157,719
Other taxation and social security	73,463	66,555
Other creditors	91,558	76,894
Accruals and deferred income	268,283	326,109
	1,276,737	627,277
	1,276,737	627,277

	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	219,019	137,745
Resources deferred during the year	157,626	219,019
Amounts released from previous periods	(219,019)	(137,745)
	157,626	219,019
	157,626	219,019

The closing balance of deferred income mainly relates to Universal Infant Free School Meals and rates income received in advance of the 2019/20 academic year.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	450,184	213,125	(65,253)	-	-	598,056
Restricted general funds						
General Annual Grant (GAG)	96,950	5,373,070	(5,403,728)	(50,541)	-	15,751
Pupil Premium	7,318	260,320	(244,531)	-	-	23,107
Other DfE Group Grants	111,976	376,198	(419,482)	-	-	68,692
Other government grants	-	183,603	(183,603)	-	-	-
Donations	-	18,990	(18,990)	-	-	-
Pension reserve	(1,824,000)	-	(445,000)	-	(726,000)	(2,995,000)
	<u>(1,607,756)</u>	<u>6,212,181</u>	<u>(6,715,334)</u>	<u>(50,541)</u>	<u>(726,000)</u>	<u>(2,887,450)</u>
Restricted fixed asset funds						
DfE Group capital grants	15,931	135,067	(26,575)	50,541	-	174,964
Transfer from local authority	3,745,281	10,234	(96,545)	-	-	3,658,970
Academies Capital Maintenance Fund	58,064	-	(13,393)	-	-	44,671
Condition Improvement Fund	259,817	272,051	(34,828)	-	-	497,040
Other government grants	307,397	536,676	(20,245)	-	-	823,828
Capital expenditure from GAG	84,330	-	-	-	-	84,330
	<u>4,470,820</u>	<u>954,028</u>	<u>(191,586)</u>	<u>50,541</u>	<u>-</u>	<u>5,283,803</u>

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Total Restricted funds	2,863,064	7,166,209	(6,906,920)	-	(726,000)	2,396,353
Total funds	3,313,248	7,379,334	(6,972,173)	-	(726,000)	2,994,409

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

Restricted funds

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

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

The DfE Group restricted funds grants consists of Universal Infant Free School Meals Grant and PE Sports Grant. The closing balances relate to PE Sports Grant funds not spent at the year end.

Other government grants consist of High Level Needs funding and Pupil Premium (Looked After Children). All funds have been spent in full in the year.

Donations income consists of amounts received from various sources for specific purposes. All funds have been spent in full in the year.

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

Restricted fixed assets

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

The transfer from Local Authority relates to the value of £10,234 (furniture and computer equipment) transferred from the Local Authority to the academy on conversion. The closing balance relates to the net book value of the assets concerned.

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

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

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Inspiring Primaries Academy Trust (MAT)	(11,126)	84,725
All Saints Church of England Primary School	99,463	80,111
Claybrooke Primary School	39,854	32,727
Dunton Bassett Primary School	66,774	-
Gilmorton Chandler Church of England Primary School	41,484	51,244
John Wycliffe Primary School	154,515	143,721
Sharnford Primary School	71,087	53,180
St Margaret's Church of England Primary School	94,331	58,680
St Mary's Church of England Primary School Bitteswell	80,184	51,676
Ullesthorpe Primary School	69,040	110,364
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	705,606	666,428
Restricted fixed asset fund	5,283,803	4,470,820
Pension reserve	(2,995,000)	(1,824,000)
	<hr/>	<hr/>
Total	2,994,409	3,313,248
	<hr/> <hr/>	<hr/> <hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £
Inspiring Primaries Academy Trust (MAT)	(11,126)
	<hr/> <hr/>

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

The net deficit in the above location is primarily a result of:

- The very high proportion of outsourced costs provided via the central services budget which are, in many other Trusts, charged directly to the schools. These are shown in Note 11
- Arrangements with some service providers from before the formation of the Trust 2 years ago which are currently part of a services review
- A 3 year planned investment in education services incl SEN assessment support, psychologist and SALT support & training, development of NLE, SLE and internal IPLE support network.
- Other services provided as part of a 3 year contract commitment which are not due to end until Aug 2020.
- Spending of £40,000 ring fenced funding received in prior year

Furthermore, the model for leadership that was used when the Trust was formed has been amended to reflect the needs of the Trust and now includes a full time Chief executive role.

The Academy Trust is taking the following action to return the academy to surplus

- reviewing all of its services, centrally and at a school level, and is re-tendering as relevant
- Increasing the contribution from schools to 6%
- Reviewing what is provided by Central Services and what should be a local school cost.
- Actively seeking to grow the Trust

Some of the potential savings are unable to be realised until after August 2020, so the deficit is due to increase until then before reducing each year thereafter.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	5,180,280	5,180,280
Current assets	598,056	1,384,287	103,523	2,085,866
Creditors due within one year	-	(1,276,737)	-	(1,276,737)
Pension scheme liability	-	(2,995,000)	-	(2,995,000)
Total	598,056	(2,887,450)	5,283,803	2,994,409

Analysis of net assets between funds - prior year

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	407,161	154,330
Adjustments for:		
Depreciation	191,586	147,704
Capital grants from DfE and other capital income	(930,555)	(486,242)
Interest receivable	(669)	(558)
Defined benefit pension scheme obligation inherited	97,000	-
Defined benefit pension scheme cost less contributions payable	291,000	248,000
Defined benefit pension scheme finance cost	57,000	50,000
(Increase)/decrease in debtors	(522,798)	281,569
Increase in creditors	649,460	190,562
Assets from new academies	(10,234)	-
Net cash provided by operating activities	228,951	585,365

20. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	669	558
Purchase of tangible fixed assets	(890,812)	(532,950)
Capital grants from DfE Group and other capital income	930,555	486,242
Net cash provided by/(used in) investing activities	40,412	(46,150)

21. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,311,981	1,042,618
Total cash and cash equivalents	1,311,981	1,042,618

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. Conversion to an academy trust

On 1 October 2018 Dunton Bassett Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Inspiring Primaries Academy Trust from Leicestershire 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 loss in the Statement of Financial Activities as Expenditure on Charitable activities - 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.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Other tangible fixed assets	-	-	10,234	10,234
Current assets				
Cash - representing budget surplus on LA funds	73,145	-	-	73,145
Non-current liabilities				
LGPS pension deficit	-	(97,000)	-	(97,000)
Net assets/(liabilities)	<u>73,145</u>	<u>(97,000)</u>	<u>10,234</u>	<u>(13,621)</u>

23. Capital commitments

	2019 £	2018 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	<u>260,331</u>	<u>74,622</u>

24. Pension commitments

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

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

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (continued)

Contributions amounting to £86,539 were payable to the schemes at 31 August 2019 (2018 - £77,214) and are included within creditors.

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 and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £273,615 (2018 - £132,170).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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.

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 year ended 31 August 2019 was £412,000 (2018 - £359,000), of which employer's contributions totalled £334,000 (2018 - £288,000) and employees' contributions totalled £ 78,000 (2018 - £71,000). The agreed contribution rates for future years are 24.4-25.4 per cent for employers and 5 - 12 per cent for employees.

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

Principal actuarial assumptions

	2019	<i>2018</i>
	%	%
Rate of increase in salaries	3.3	3.4
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.3	2.4
Commutation of pensions to lump sums	50	50

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

	2019	<i>2018</i>
	Years	Years
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.4	24.3
<i>Retiring in 20 years</i>		
Males	22.2	23.8
Females	24.7	26.2

Sensitivity analysis

	2019	<i>2018</i>
	£000	£000
Discount rate -0.5%	725,000	489,000
Salary increase rate +0.5%	96,000	79,000
Pension increase rate +0.5%	614,000	403,000

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (continued)

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

	At 31 August 2019	<i>At 31 August 2018</i>
	£	£
Equities	1,676,000	1,371,000
Corporate bonds	896,000	597,000
Property	231,000	199,000
Cash and other liquid assets	87,000	44,000
Total market value of assets	2,890,000	<i>2,211,000</i>

The actual return on scheme assets was £166,000 (2018 - £91,000).

Expected returns on assets are calculated as follows:-

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

Asset model

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

Key subjective assumptions are:

The actual return on scheme assets was £[enter amount] (2018 - £[enter amount]).

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

	2019	<i>2018</i>
	£	£
Current service cost	(539,000)	(536,000)
Past service cost	(86,000)	-
Interest income	70,000	48,000
Interest cost	(127,000)	(98,000)
Total amount recognised in the Statement of Financial Activities	(682,000)	<i>(586,000)</i>

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	4,035,000	3,625,000
Conversion of academy trusts	204,000	-
Current service cost	539,000	536,000
Interest cost	127,000	98,000
Employee contributions	78,000	71,000
Actuarial losses/(gains)	822,000	(293,000)
Benefits paid	(5,000)	(2,000)
Past service costs	86,000	-
	<u>5,886,000</u>	<u>4,035,000</u>
At 31 August	<u>5,886,000</u>	<u>4,035,000</u>

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

	2019 £	2018 £
At 1 September	2,211,000	1,763,000
Conversion of academy trusts	107,000	-
Interest income	70,000	48,000
Actuarial gains	96,000	43,000
Employer contributions	334,000	288,000
Employee contributions	78,000	71,000
Benefits paid	(5,000)	(2,000)
	<u>2,891,000</u>	<u>2,211,000</u>
At 31 August	<u>2,891,000</u>	<u>2,211,000</u>

25. Operating lease commitments

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2018 £
Not later than 1 year	13,213
Later than 1 year and not later than 5 years	988
	<u>14,201</u>
	<u><u>14,201</u></u>

INSPIRING PRIMARIES ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

26. Members' liability

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

27. Related party transactions

Owing to the nature of the Academy Trust's operations 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

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

The following related party transactions took place in the period of account:

Expenditure related party transaction

The Leicester Diocesan Board of Education is paid a quarterly amount in relation to a maintenance scheme. Payments for the Academy Trust in the year were £54,443 (2018: £51,569). There were no amounts outstanding at 31 August 2019 (2018: £NIL).

The purchases were made at arms' length in accordance with its financial regulations. In entering into these transactions the Academy has complied with the requirements of the Academies Financial Handbook 2018.

There were no other related party transactions during the current or prior year, other than certain Trustees' remuneration and expenses already disclosed in note 12.