

Company Registration Number: 10393053 (United Kingdom)

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Annual Report and Financial Statements

For the Period Ended 31 August 2017

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1
Trustees' report	2 - 8
Governance statement	9 - 10
Statement on regularity, propriety and compliance	11
Statement of trustees' responsibilities	12
Independent auditors' report on the financial statements	13 - 14
Independent reporting accountant's assurance report on regularity	15 - 16
Statement of financial activities incorporating income and expenditure account	17
Balance sheet	18
Statement of cash flows	19
Notes to the financial statements	20 - 34

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Reference and administrative details of the academy, its trustees and advisers
For the period ended 31 August 2017

Members	Paul Jackson (appointed 26 May 2017) Ros Cohen (appointed 26 May 2017) Donna Dewberry (appointed 26 May 2017)
Trustees	Pamela Conibeer, Chair of Trustees (appointed 21 April 2017) ¹ Esther Cook (appointed 21 April 2017) Claire Cooper (appointed 21 April 2017) Claire Delahay (appointed 26 September 2016) Susan Greenfield (appointed 21 April 2017) Fiona May (appointed 26 September 2016) Caron Nott, Chief Executive Officer (appointed 26 September 2016) Steven Quenby (appointed 21 April 2017) Steven Seal (appointed 21 April 2017) ¹ Member of Finance and Resources Committee
Company registered number	10393053
Company name	The Inspiring Change Multi-Academy Trust
Principal and registered office	The Rowans Silverbank Churchill Avenue Chatham Kent ME5 0LB
Senior management team	Caron Nott, Chief Executive Officer Fiona May, Deputy Headteacher Claire Delahay, Executive Business Manager
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	Lloyds Bank plc 142-146 High Street Chatham Kent ME4 4DU
Solicitors	Browne Jacobson 1 Manor Court Dix's Field Exeter EX1 1UP

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Trustees' report
For the period ended 31 August 2017

The trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the period from incorporation on 26 September 2016 to 31 August 2017. The trust was dormant until The Rowans pupil referral unit converted to academy status and joined the trust on 1 June 2017 and so the financial statements cover three months of operational activity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity, and its memorandum and articles of association are the primary governing documents of the trust.

The trustees of The Inspiring Change Multi-Academy Trust are also the directors for the purposes of company law. Presently the academy trust is also known as The Rowans AP Academy.

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

Members' liability

Each member of the academy trust undertakes to contribute to the assets of the company in the event of it being wound up while 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.

Trustees' indemnities

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

Details of the insurance cover are provided in note 9 to the financial statements.

Principal activities

The academy trust took over the operation of The Rowans on the pupil referral unit's conversion to academy status on 1 June 2017. Since then the academy trust's principal object and activity has been to manage the provision of education to pupils between the ages of 11 and 16.

The trust is also in the process of setting up a Primary Alternative Provision Free School (The Beeches), working with the DfE to open in September 2019.

The Trust will shortly be looking into the application of a post-16 alternative provision.

Method of recruitment and appointment or election of trustees

Under the terms of its articles, the number of trustees shall not be less than three but shall not be subject to any maximum. The academy trust shall have the following trustees:

- Up to 8 trustees appointed by the members;
- The Chief Executive Officer, if appointed as a trustee;
- A minimum of 2 parent trustees where the trustees have not appointed Local Governing Bodies in respect of the trust's academies;
- Any co-opted trustee appointed by the trustees.

The trustees shall be skilled in educational matters (especially relating to finance and legal) and be committed to providing quality educational opportunities for all stakeholders. The trustees shall also be committed and dedicated to the core purpose of the academy trust and following all charitable and financial procedures.

The Trust currently has 7 trustees, plus the CEO, 1 parent trustee and 1 parent trustee vacancy. This vacancy has been advertised widely amongst parents/carers but to date we have had no further interest.

In terms of further recruitment, a skills audit has been undertaken of existing trustees to identify areas of for their monitoring visits. New recruits are sought from local schools, parents and businesses who have the relevant experience/skills to complete those required on the board.

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the period ended 31 August 2017

Policies and procedures adopted for the induction and training of trustees

The inaugural trust board meeting was held on 5 July 2017. At this meeting, the Committee structure and terms of reference were formally adopted, and financial regulations and policies were agreed.

There are currently no local governing bodies within the trust, as the Rowans is the only academy within it, and trustees will take on this role. When The Beeches is opened, it is intended that there will be a local governing body for both The Rowans and The Beeches.

Meetings were set for the forthcoming year, with the trust board due to meet 4 times.

The finance committee members will be agreed at the next meeting, scheduled for 20 September 2017, and will also meet 4 times per year. The finance committee will also act as the audit committee for the trust.

A skills audit is being undertaken for all trustees and training and induction provided for new trustees as necessary.

All new trustees are given a tour of the school and the chance to meet with staff and students. Copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees are available to all.

New trustees will be allocated focus areas, in line with their skills and experience. During their visits to school, they will meet with key staff to investigate, challenge and report back to the board on their findings.

Trustees are kept informed of school life by receiving a termly newsletter and are invited to all school functions such as Christmas dinner and celebration days. Trustees are regularly updated on any good news stories.

Trustees receive a monthly bulletin regarding progress towards the opening of The Beeches, detailing any meetings etc. during the month.

Organisational structure

The organisational structure consists of three levels: the members, the trustees and the senior leadership team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels whilst allowing a place for challenge and accountability.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy trust by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and senior staff appointments.

The senior leadership team comprises the CEO, Deputy Headteacher and Executive Business Manager. These managers control the academy trust at an executive level implementing the policies laid down by the trustees and reporting back to them.

As a group the senior leadership team are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for posts in the senior leadership team always contain a trustee. The safeguarding trustee is invited to join all teaching and support staff interviews. By attending interviews, the trustee has the opportunity to witness the recruitment procedures, give her own input and feedback to the trustees and appointments

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 1.

Only staff trustees, including the Headteacher, are remunerated, and these individuals are only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 8. Remuneration paid to the key management personnel, including the staff trustees, is disclosed in note 7.

All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees. The trust has currently adopted the local authority's policies, under a Service Level Agreement, but may work to develop its own policies as it expands.

Remuneration of all personnel is set in line with national pay spines, helping trustees conclude that individuals are paid at an appropriate level. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and recognise the fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds an reasonable amount that provide value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the period ended 31 August 2017

Risk management

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy trust, and its finances.

The trust has a comprehensive risk management strategy and strategic risk register in place, which was accepted at its inaugural meeting on 5 July 2017 and will be regularly reviewed by the finance and resources committee.

The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Connected organisations, including related party relationships

The Rowans AP Academy is currently the only school operating within the trust.

However, the trust has gained approval from the DfE to set up an Alternative Provision Primary Free School, The Beeches, on the school site. Work is progressing towards this, with a view to an opening date of September 2019.

As previously mentioned, the trust plans to apply for post-16 education at some point in the near future and the options for this are currently being researched.

There are no connected PTA/PFA organisations or separate Voluntary Funds.

OBJECTIVES AND ACTIVITIES

Objects and aims

The trust's objects are specifically restricted to the following:

The Inspiring Change Multi Academy Trust (ICMAT) will seek to provide provision which is responsive, flexible, cross phase and of the highest quality. The academic and emotional needs of young people are constantly changing and ICMAT should be in a position to provide the most effective and suitable support and/or provision for these vulnerable and challenging young people across Medway and in certain instances from neighbouring authorities. ICMAT will work to ensure the education that learners receive is tailored to meet their individual needs and designed to give them the skills to improve their life chances. We aim to support the progress of the learners enabling them to gain qualifications for future pathways. The development of the learner's personal integrity, self-respect and citizenship is central to all work.

Objectives, strategies and activities

Strategic Objectives

To establish a network of outstanding cross-phase alternative provision academies and/or free schools that are focussed on achieving the best possible outcomes for young people using the highest quality leadership, teaching and support, in modern innovative learning environments.

Achievement

Using high quality and robust data to provide interventions that close gaps in knowledge and attainment, deliver reintegration where possible, raise achievement and aspirations and support all learners through a personalised curriculum which offers an entitlement of a minimum of 5 GCSEs or equivalent in the secondary phase.

Teaching

Delivering outstanding academic, social and emotional learning which enables learners to become successful and thoughtful lifelong learners who are respectful of alternative viewpoints and ideas and who have resilience and determination to make better choices.

Behaviour and Safety

Ensuring safe and stimulating learning environments across ICMAT and using robust systems to deliver effective support and well-being for all, whilst teaching young people to make more positive choices.

Leadership and Management

Building and supporting the capacity to raise standards of learning and teaching, support and growth by developing and sharing the skills, knowledge and experience of all staff.

Further detail can be found in the School Development Plan 2017-18.

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the period ended 31 August 2017

Public benefit

The Rowans is an alternative provision academy converter catering for children aged 11 to 16 and strives to promote and support the advancement of education within the Medway area for pupils who have been excluded from mainstream schools. The school provides an extensive programme of educational and recreational activity - all designed to contribute to the overall education of our students in areas such as academic progression, music, the arts and sport, whilst supporting their specific social, emotional and mental health needs.

For example the school offers:

- an extensive interventions programme, including phonics, reading, music and therapy;
- an holistic approach to pupils' education, supporting their reintegration in mainstream settings and/or preparing them for their future education/careers;
- vocational studies in engineering, design and technology and other non-academic subjects;
- a comprehensive sports offer, including Duke of Edinburgh and other activities to enhance social and self-development skills;
- academic qualifications for the more academically able pupils who wish to continue their academic learning post-16; and
- an extensive after school extra-curricular programme which covers the needs and desires of all pupils.

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the academy trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

STRATEGIC REPORT

Achievements and performance

The Rowans' pupils outperformed the national average for Alternative Provision (AP) across all regions, with 93% of Year 11's achieving five or more GCSEs or equivalent, compared to the latest available national average for AP schools of 12.3%. At least one GCSE or equivalent was achieved by 100% of pupils, compared to the latest national average for AP of 57.7

A huge 29% of pupils achieved 5 or more GCSEs 9-4 (A-C) including English and Maths. This is in comparison to the national AP average of 1.1%.*

All pupils have a post 16 destination. At The Rowans there is a strong commitment to learning, support and progress and this has ensured that pupils continue to exceed national expectations for Alternative Provision and achieve exceptional outcomes.

Year 11 Headline Figures	The Rowans 2016-2017	National PRU Data 2015&2016		
		Medway	South East	Total
Number of Year 11 pupils	14	84	918	9333
% pupils eligible for FSM	43%			
Attainment 8 Average	22.94	14.5	9.1	7.8
Attainment 8 Average Boys	20.93			
Attainment 8 Average Girls	29.67			
Progress 8 Score	-1.00	-2.44	-3.05	-3.28
Top Progress 8 Score for individual pupil	1.50			
Average points score (this is the discounted figure from 2013/14)				
5 or more 9-4 including English and maths (% 5 A* - C inc English and maths)	29%	7.1%	1.3%	1.1%
% 5 A* - G including Maths and English	79%			
9-4 or their equivalent (% 5 A*-C)	36%			
5 or more GCSE's (1 - 9) or their equivalent (% 5 A*-G)	93%	30.9%	13.4%	12.3%
At least 1 GCSE 1-9 or equivalent (% 1 A*-G)	100%	72.7%	61.1%	57.7%
4-9 in English and Maths GCSE (% A* - C in English & Maths GCSE)	29%	9.5%	4.5%	3.4%

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the period ended 31 August 2017

Going concern

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

Key financial performance indicators

The trustees consider that the following are key performance indicators for the academy trust:

- Pupils numbers (leading directly to the Education Skills and Funding Agency ("ESFA") funding level);
- General financial stability - aim for income to match expenditure each year;
- Percentage of income received from EFA spent on total staff costs;
- Income per pupil;
- Staff costs as a percentage of grant income;
- Staff costs as a percentage of total costs;
- Ofsted inspection results; and
- Capital expenditure per pupil.

The trustees have been pleased that expectations for all key performance indicators listed have been successfully met during the period.

Financial review

Most of the academy trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA and other Government sources during the period ended 31 August 2017, and the associated expenditure, are shown as restricted funds in the Statement of Financial Activities ("SOFA").

Total incoming resources for the year were £2.79m, including the transfer from the local authority on conversion of £2.42m. Incoming resources from charitable activities was £371k. Total expenditure for the period was £374k.

Net incoming resources is £2.41m per the SOFA, however this is after the transfer on conversion noted above and £21k of non-cash and non-actuarial pension charges in relation to movement in the LGPS liability; these are included in the costs of charitable activities. The net result is also after a depreciation charge of £9k; this is a further non-cash movement which writes off the cost of capitalised assets, and notably the school buildings, over their useful lives.

The result on general revenue funds, excluding transfers on conversion, depreciation and LGPS charges, is a surplus for the period of £27k. The transfers on conversion added to general revenue funds was £169k to leave an overall surplus on general revenue funds of £196k.

The SOFA also shows a £20k actuarial loss on defined benefit schemes, which relates to the remaining movement in the period on the LGPS liability. During the period the deficit decreased from the amount inherited of £327k to £368k. This actuarial gain is an accounting adjustment to estimate, as a point in time, the potential pension scheme liabilities.

At 31 August 2017, the net book value of fixed assets was £2.57m, including the value transferred on conversion, and movements in tangible fixed assets are shown in note 10 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the academy trust.

Financial position

The academy trust held fund balances at 31 August 2017 of £2.4m. These funds included restricted fixed asset funds of £2.57m, other restricted funds of £18k and unrestricted funds of £178k.

There is one fund showing a deficit position at the year end. The pension reserve shows a deficit of £368k. The increase in this deficit during the period since conversion has been explained in the financial review above. This deficit does not mean that an immediate liability crystallises. The accounting deficit has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions.

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the period ended 31 August 2017

Financial and risk management objectives and policies

The academy trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the academy trust to a number of financial risks which are described in more detail below. The main risks arising from the trust's financial instruments are liquidity risk and cash flow interest rate risk.

- *Liquidity risk* - The academy trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.
- *Interest rate risk* - The academy trust earns interest on cash deposits. With interest rates currently low, the trustees will consider action to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the academy trust's assets.
- *Credit risk* – this arises from the possibility that amounts owed to the academy trust will not be repaid. The academy trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Investment policy

The academy trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation.

In addition, the academy trust aims to invest surplus cash funds to optimise returns while ensuring the investment instruments are such that there is no material risk to the loss of these cash funds.

Principal risks and uncertainties

The main risks that the academy trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

- *Operational and reputational* - this covers risks to the running of the academy trust (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum. The continuing success of the trust is dependent on continuing to attract applicants in sufficient numbers. The trustees mitigate this risk by ensuring educational standards are closely monitored and reviewed.
- *Financial* - covering risks to the academy trust's financial position, including revenue streams, cost control and cash management.
- *Failures in governance and/or management* – the risk here concerns any potential failure to effectively manage the trust's finance, internal controls, compliance with regulations and legislation etc. The trustees regularly review the governance arrangements to ensure that appropriate measures are in place to combat this risk.
- *Safeguarding and protection* – it is imperative that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- *Staffing* – success is reliant on the quality of staff and hence the trustees monitor and review policies and procedures to ensure continued development and training of staff, in addition to ensure there is clear succession planning.

The risks to which the academy trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations, and the financial position of the staff pension schemes.

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the period ended 31 August 2017

Reserves policy

The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The trustees have determined that the appropriate level of free reserves should be equivalent to one month's payroll cost, approximately £90k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The trustees will monitor the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used the trust will strive to rebuild free reserves up to the level needed.

PLANS FOR FUTURE PERIODS

The trust intends to expand over the near future, offering alternative provision education to Medway (and possibly other) pupils at risk of exclusion.

In addition to opening The Beeches AP Primary School and a post-16 provision, the trust's key aims and objectives are set out in the School Development Plan 2017-18.

AUDITOR

In so far as the trustees are aware:

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

This trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13 December 2017 and signed on the board's behalf by:



Pamela Conibear, Chair of Trustees



Caron Nott, Chief Executive Officer and Accounting Officer

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Burnt Ash Primary School 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 once during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Pamela Conibeer	1	1
Caron Nott	1	1
Fiona May	1	1
Claire Delahay	1	1
Esther Cook	1	1
Steven Quenby	1	1
Stephen Seal	1	1
Claire Cooper	1	1
Susan Greenfield	1	1

Governance reviews: The board will be completing a self-evaluation/external review in the 2017/2018 year.

The finance and resources committee is a sub-committee of the main board of trustees. Its purpose is to plan and monitor the financial and other resources of the school effectively, and to ensure the school provides a safe educational environment. One of the committee's responsibilities is routine budget setting and monitoring. The committee also acts as the trust's audit committee.

Review of Value for Money

The Rowans became an academy on 1 June 2017, meaning that its first financial year covered a period of just three months, up to 31 August 2017.

There has been little expenditure other than staff costs during this time, particularly as the accounting period covered over six weeks of school holidays, with little activity. As such, there are no examples of improving resources during this time but trustees are committed to doing so over the coming year.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Inspiring Change Multi-Academy Trust for the period 1 June 2017 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Inspiring Change Multi-Academy Trust
(A company limited by guarantee)

Governance Statement (continued)

The Risk and Control Framework

The academy'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 resources 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; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed UHY Hacker Young, the external auditor, to perform additional checks. No visits were completed during the short period of operation from 1 June 2017 to 31 August 2017 due to the conversion of the trust's sole academy taking place only three months before the end of the financial period, however a programme of work has been agreed for 2017/18.

Review of Effectiveness

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

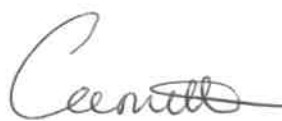
- the work of the external auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the finance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 13 December 2017 and signed on their behalf, by:



Pamela Conibeer
Chair of Trustees



Caron Nott
Chief Executive Officer and Accounting Officer

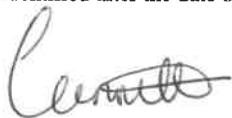
The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Inspiring Change Multi-Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Caron Nott, Accounting Officer

Date: 13 December 2017

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Statement of Trustees' Responsibilities
For the Period Ended 31 August 2017

The trustees (who act as governors of The Inspiring Change Multi-Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 13 December 2017 and signed on its behalf by:



Pamela Conibeer
Chair of Trustees

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of The Inspiring Change Multi-Academy Trust

Opinion

We have audited the financial statements of The Inspiring Change Multi-Academy Trust for the period ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of The Inspiring Change Multi-Academy Trust

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 which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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



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

UHY Kent LLP

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date:

20 December 2017

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to The Inspiring Change Multi-Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 19 June 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Inspiring Change Multi-Academy Trust during the period 1 June 2017 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Inspiring Change Multi-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 The Inspiring Change Multi-Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Inspiring Change Multi-Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Inspiring Change Multi-Academy Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Inspiring Change Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 26 May 2017, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 June 2017 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of The Inspiring Change Multi-Academy Trust for the period ended 31 August 2017 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to The Inspiring Change Multi-Academy Trust and the Education and Skills Funding Agency (continued)

Conclusion

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

UHY Kent LLP

UHY Kent LLP
Chartered Accountants

Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 20 December 2017

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Statement of Financial Activities incorporating Income and Expenditure Account
For the Period Ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Income from:					
Transfer from local authority on conversion	2	168,966	(327,000)	2,574,124	2,416,090
Charitable activities:	3				
Funding for the academy trust's educational operations		8,887	362,152	-	371,039
Total income		<u>177,853</u>	<u>35,152</u>	<u>2,574,124</u>	<u>2,787,129</u>
Expenditure on:					
Charitable activities:					
Academy trust educational operations		-	364,835	8,762	373,597
Total expenditure	4	<u>-</u>	<u>364,835</u>	<u>8,762</u>	<u>373,597</u>
Net income / (expenditure) before other recognised gains and losses		177,853	(329,683)	2,565,362	2,413,532
Actuarial losses on defined benefit pension schemes	18	-	(20,000)	-	(20,000)
Net movement in funds		<u>177,853</u>	<u>(349,683)</u>	<u>2,565,362</u>	<u>2,393,532</u>
Reconciliation of funds:					
Total funds brought forward		-	-	-	-
Total funds carried forward		<u>177,853</u>	<u>(349,683)</u>	<u>2,565,362</u>	<u>2,393,532</u>

All of the academy's activities derive from acquisitions in the current financial period.

The notes on pages 20 to 34 form part of these financial statements.

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)
Registered number: 10393053

Balance Sheet
As at 31 August 2017

	Note	£	2017 £
Fixed assets			
Tangible assets	10		2,565,362
Current assets			
Debtors	11	215,454	
Cash at bank and in hand		6,624	
		<u>222,078</u>	
Creditors: amounts falling due within one year	12	(25,908)	
Net current assets			<u>196,170</u>
Total assets less current liabilities			<u>2,761,532</u>
Defined benefit pension scheme liability	18		(368,000)
Net assets including pension scheme liabilities			<u><u>2,393,532</u></u>
Funds of the academy			
Restricted funds :			
Restricted income funds	13	18,317	
Restricted fixed asset funds	13	2,565,362	
		<u>2,583,679</u>	
Restricted income funds excluding pension liability			
Pension reserve		(368,000)	
		<u>2,215,679</u>	
Total restricted funds			2,215,679
Unrestricted income funds	13		<u>177,853</u>
Total funds			<u><u>2,393,532</u></u>

The financial statements on pages 17 to 34 were approved by the trustees, and authorised for issue, on 13 December 2017 and are signed on their behalf, by:


Pamela Conibeer
Chair of Trustees

The notes on pages 20 to 34 form part of these financial statements.

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Statement of Cash Flows
For the Period Ended 31 August 2017

	Note	2017 £
Cash flows from operating activities		
Net cash used in operating activities	15	(162,342)
Cash transferred on conversion to an academy trust		168,966
Net cash provided by investing activities		168,966
Change in cash and cash equivalents in the period		6,624
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	16	6,624

The notes on pages 20 to 34 form part of these financial statements.

All of the cash flows are derived from acquisitions in the current financial period.

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

The Inspiring Change Multi-Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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 income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

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

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

1. Accounting Policies (continued)

1.4 Expenditure

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

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

1.5 Tangible fixed assets and depreciation

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

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

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

Long-term leasehold property	-	over the lease term of 125 years
Fixtures and fittings	-	20%
Computer equipment	-	33%

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

1.6 Debtors

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

1.7 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.

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

1. Accounting Policies (continued)

1.8 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 11. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 12. 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 instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

1. Accounting Policies (continued)

1.12 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from The Rowans to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Leasehold land and buildings were valued by the trustees at an estimated valuation of £2,500,000 as at the date of conversion. This valuation was based on that of a similar school on a site adjacent to that of the academy trust. Other fixed assets were valued at £74,124 on a depreciated cost basis. The LGPS deficit of £327,000 was valued by the scheme actuary.

Further details of the transaction are set out in note 17.

1.13 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Transfer from local authority on conversion	168,966	(327,000)	2,574,124	2,416,090
	<u>168,966</u>	<u>(327,000)</u>	<u>2,574,124</u>	<u>2,416,090</u>

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	103,532	103,532
Other DfE/ESFA grants	-	16,698	16,698
	<u>-</u>	<u>120,230</u>	<u>120,230</u>
Other government grants			
Local authority grants	-	241,922	241,922
	<u>-</u>	<u>241,922</u>	<u>241,922</u>
Other funding			
Other income from the academy trust's educational operations	8,887	-	8,887
	<u>8,887</u>	<u>-</u>	<u>8,887</u>
	<u>8,887</u>	<u>362,152</u>	<u>371,039</u>

4. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Academy's educational operations:				
Direct costs	236,874	4,000	25,265	266,139
Support costs	57,434	11,849	38,175	107,458
	<u>294,308</u>	<u>15,849</u>	<u>63,440</u>	<u>373,597</u>

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

5. Analysis of expenditure by activities

	Direct costs	Support costs	Total
	2017	2017	2017
	£	£	£
Academy's educational operations	266,139	107,458	373,597

Analysis of direct costs

	Total
	2017
	£
Educational supplies	16,230
Staff development	2,118
Technology costs	2,155
Wages and salaries	188,000
National insurance	18,058
Pension cost	30,816
Depreciation	8,762
	266,139

Analysis of support costs

	Total
	2017
	£
Staff costs	57,434
Maintenance of premises and equipment	12,408
Rent and rates	1,188
Heat and light	2,935
Non-educational advice	24,490
Catering	3,411
Other support costs	5,592
	107,458

6. Net income/(expenditure)

This is stated after charging:

	2017
	£
Depreciation of tangible fixed assets:	
- owned by the charity	8,762
Auditors' remuneration - audit	6,120
Auditors' remuneration - other services	1,325

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

7. Staff costs

Staff costs were as follows:

	2017
	£
Wages and salaries	216,441
Social security costs	20,363
Operating costs of defined benefit pension schemes	57,504
	294,308

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

	2017
	No.
Teachers	12
Management	3
Administration and support	20
	35

Average headcount expressed as a full time equivalent:

	2017
	No.
Teachers	12
Management	3
Administration and support	16
	31

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

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £45,127.

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

8. Trustees' remuneration and expenses

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

		2017
		£
Caron Nott, Headteacher and Accounting Officer	Remuneration	15,000-20,000
	Pension contributions paid	0-5,000
Fiona May	Remuneration	10,000-15,000
	Pension contributions paid	0-5,000
Claire Delahay	Remuneration	5,000-10,000
	Pension contributions paid	0-5,000

During the period ended 31 August 2017, no trustees received any reimbursement of expenses

9. Trustees' and Officers' Insurance

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

10. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
Transfer from local authority on conversion	2,500,000	42,449	31,675	2,574,124
At 31 August 2017	2,500,000	42,449	31,675	2,574,124
Depreciation				
Charge for the period	4,000	2,122	2,640	8,762
At 31 August 2017	4,000	2,122	2,640	8,762
Net book value				
At 31 August 2017	2,496,000	40,327	29,035	2,565,362

Leasehold land and buildings were valued by the trustees at an estimated valuation of £2,500,000 as at the date of conversion. This valuation was based on that of a similar school on a site adjacent to that of the academy trust. Other fixed assets were valued at £74,124 on a depreciated cost basis.

Included in long-term leasehold property is land at valuation of £2,000,000 which is not depreciated.

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

11. Debtors

	2017
	£
Trade debtors	77,471
VAT recoverable	6,738
Other debtors	118,966
Prepayments and accrued income	12,279
	215,454

12. Creditors: Amounts falling due within one year

	2017
	£
Trade creditors	246
Other creditors	31
Accruals and deferred income	25,631
	25,908

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

13. Statement of funds

	Balance at 1 June 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds					
General funds	-	177,853	-	-	177,853
Restricted funds					
General Annual Grant (GAG)	-	103,532	(85,215)	-	18,317
Other DfE/ESFA grants	-	16,698	(16,698)	-	-
Other government grants	-	241,922	(241,922)	-	-
Pension reserve	-	(327,000)	(21,000)	(20,000)	(368,000)
	-	35,152	(364,835)	(20,000)	(349,683)
Restricted fixed asset funds					
Tangible fixed assets	-	2,574,124	(8,762)	-	2,565,362
Total restricted funds	-	2,609,276	(373,597)	(20,000)	2,215,679
Total of funds	-	2,787,129	(373,597)	(20,000)	2,393,532

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

General Annual Grant must be used for the normal running costs of the Academy Trust.

The other DfE/ESFA grants fund is used to track non-GAG grant money received from the DfE/ESFA and connected bodies, and included Pupil Premium grant income.

The other government grants fund is used to track grants provided by government departments other than the DfE/ESFA and includes grants received from the Local Authority.

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

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

14. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	2,565,362	2,565,362
Current assets	177,853	44,225	-	222,078
Creditors due within one year	-	(25,908)	-	(25,908)
Provisions for liabilities and charges	-	(368,000)	-	(368,000)
	177,853	(349,683)	2,565,362	2,393,532

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

15. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £
Net income for the year (as per Statement of Financial Activities)	2,413,532
Adjustment for:	
Depreciation charges	8,762
Increase in debtors	(215,454)
Increase in creditors	25,908
Defined benefit pension scheme obligation inherited	327,000
Defined benefit pension scheme cost less contributions payable	19,000
Defined benefit pension scheme finance cost	2,000
Fixed assets transferred on conversion to an academy trust	(2,574,124)
Cash transferred on conversion to an academy trust	(168,966)
Net cash used in operating activities	(162,342)

16. Analysis of cash and cash equivalents

	2017 £
Cash in hand	6,624
Total	6,624

17. Conversion to an academy trust

On 1 June 2017 The Rowans converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Inspiring Change Multi-Academy Trust from Medway 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 headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - 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 incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	2,500,000	2,500,000
- Other tangible fixed assets	-	-	74,124	74,124
Budget surplus/(deficit) on LA funds	168,966	-	-	168,966
LGPS pension surplus/(deficit)	-	(327,000)	-	(327,000)
Net assets/(liabilities)	168,966	(327,000)	2,574,124	2,416,090

The above net assets include £168,966 that were transferred as cash.

Leasehold land and building inherited by the academy trust are held under a 125 year long-term lease from Medway Council.

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

18. Pension commitments

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

As described in note 17 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £20,000.

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

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

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

18. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £19,000., of which employer's contributions totalled £15,000. and employees' contributions totalled £4,000. The agreed contribution rates for future years are 20.0% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2017
Discount rate for scheme liabilities	2.60 %
Rate of increase in salaries	4.20 %
Rate of increase for pensions in payment / inflation	2.70 %
Inflation assumption (CPI)	2.70 %

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

	2017
Retiring today	
Males	23.0
Females	25.1
Retiring in 20 years	
Males	25.2
Females	27.4

Sensitivity analysis	At 31 August 2017 £
Discount rate +0.1%	656,000
Discount rate -0.1%	697,000
Mortality assumption - 1 year increase	698,000
Mortality assumption - 1 year decrease	655,000
CPI rate +0.1%	693,000
CPI rate -0.1%	660,000

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

18. Pension commitments (continued)

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

	Fair value at 31 August 2017 £
Equities	216,000
Gilts	2,000
Corporate bonds	30,000
Property	38,000
Cash and other liquid assets	10,000
Absolute return fund	12,000
Total market value of assets	<u>308,000</u>

The actual return on scheme assets was £3,000.

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

	2017 £
Current service cost	(34,000)
Interest income	2,000
Interest cost	(4,000)
Total	<u>(36,000)</u>

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

	2017 £
Upon conversion	613,000
Current service cost	34,000
Interest cost	4,000
Employee contributions	4,000
Actuarial losses	21,000
Closing defined benefit obligation	<u>676,000</u>

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

	2017 £
Upon conversion	286,000
Interest income	2,000
Actuarial gains	1,000
Employer contributions	15,000
Employee contributions	4,000
Closing fair value of scheme assets	<u>308,000</u>

The Inspiring Change Multi-Academy Trust
(formerly The Inspiring Change Company Ltd)
(A company limited by guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2017

19. Operating lease commitments

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

	2017
	£
Amounts payable:	
Within 1 year	16,660
Between 1 and 5 years	1,526
Total	<u>18,186</u>

20. 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.

21. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 8.