

Company Registration No. 06895426 (England and Wales)

FURNESS ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

FURNESS ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

A Johns (from 13 August 2015)
C Bland (from 13 August 2015)
A Burbridge (from 13 August 2015)
J Arnold (from 13 August 2015)
A Attwood (until 13 August 2015)
D Batten (until 13 August 2015)
J Butler (until 13 August 2015)
E Creighton (until 13 August 2015)

Trustees

A Burbridge
E Creighton
I Smith
J Arnold
D Graham
N Lauderdale
G Benbow
A Hearnden
J Shields
A Burns
J Smith
J Zaccarini (Resigned 18 October 2016)

Senior management team

- Executive Headteacher	I Smith
- Headteacher and Accounting Officer	S Laheney
- Assistant Headteacher	S Kelly
- Assistant Headteacher	H Robinson
- Assistant Headteacher	P Hughes
- Assistant Headteacher	A York
- Principal Finance Officer	A Bush (From 1 January 2016)
- Principal Finance Officer	E Smith (To 31 December 2015)
- Principal Data Officer	A York

Company secretary

A Bush (Business Director) (From 1 January 2016)

Company registration number

06895426 (England and Wales)

Registered office

Furness Academy
Park Drive
Barrow-in-Furness
LA13 9BB

Independent auditor

RSM UK Audit LLP
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

FURNESS ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Barclays Bank
86 Dalton Road
Barrow-in-Furness
LA14 1JH

Solicitors

Burnetts Solicitors
6 Victoria Place
Carlisle
CA1 1ES

FURNESS ACADEMIES TRUST

TRUSTEES REPORT

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

The trust operates an Academy for pupils aged 11 to 16 serving a catchment area in Barrow in Furness. It has a pupil capacity of 1,200 and had a roll of 778 in the school census in January 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity as regulated by the Secretary of State for Education, and as such must comply with general charity law. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

On 30 July 2015 the company changed its name from Furness Academy Limited to Furness Academies Trust, and on 14 August 2015 and became a Multi Academy Trust. Furness Academies Trust currently operates as a MAT with a single secondary school under the Trust. This school trades as Furness Academy and is an 11-16 high school.

The Trustees of Furness Academies Trust are also the Directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

Members of the charitable company are nominated by either the Secretary of State or by the sponsor organisation BAE Systems Marine Limited.

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

Trustees indemnities

The Academy provides Trustees Liability Insurance to cover the Trustees in respect of negligence or breach of duty which could attach to them in relation to their role at the Academy. The Academy provides no other indemnities to Trustees.

Method of recruitment and appointment or election of Trustees

New Trustees are appointed as follows:

- Up to nine sponsor Trustees are appointed by the sponsors. Sponsor Trustees are not necessarily from sponsor organisations but appointed by them
- The Executive Headteacher is an ex officio Trustee
- The Trustees can appoint up to four co-opted Trustees

New sponsor Trustees are recruited by the sponsors from employees of the sponsor organisation or other interested organisations.

Policies and procedures adopted for the induction and training of Trustees

New Trustees are inducted by the Clerk and Business Director who provides an overview of the Academy Governance structure, explains the duties of Trustees and Directors, provides a copy of the Department for Education Governor's handbook and completes a skills audit designed to identify areas of expertise to ensure that Trustees' strengths are utilised fully by the Board. The skills audit also enables Trustees' training needs to be identified and training provided as and when required. Trustees undertaking a new role within the Board will be prompted by the Clerk to highlight training needs.

FURNESS ACADEMIES TRUST

TRUSTEES REPORT (CONTINUED)

Members' approval is required for the appointment of new Sponsor Trustees, enabling Sponsors to ensure that the skill set required of the Board remains consistent.

The Academy also subscribes to the Schools, Students and Teachers Network (SSAT), National Governors Association (NGA) and Governors information service in Cumbria which provide training opportunities throughout the year for new and existing Trustees.

Organisational structure

The Trustees determine the general policy of the Academy. The day to day running of the Academy is delegated to the Headteacher, supported by the Assistant Headteachers, the Business Director and other members of the Senior Leadership Team. The Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative functions. The day to day administration is undertaken within the policies and procedures approved by the Trustees.

The Headteacher is the Academy's Accounting Officer, and financial and other authorities of the Headteacher are set out in the Scheme of Delegation.

The Headteacher oversees the recruitment of all educational and support staff.

Related parties and co-operation with other organisations

Furness Academy has a single educational sponsor BAE Systems Marine Limited.

The Academy currently receives an annual donation from BAE Systems Marine Limited and an endowment from Cumbria County Council.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Academy aims to provide an outstanding education to boys and girls from the ages of 11 to 16 in the Barrow in Furness area, with particular emphasis on STEM (Science, Technology, Engineering and Mathematics) linked to our sponsor BAE Systems Marine Limited who provide access and support from a range of STEM Ambassadors. Alongside this the Academy has developed provision linked to our outstanding sports provision, which has recently seen the completion of a competition standard all weather athletics track.

Additionally the Academy is keen to promote the use of new and innovative technologies in teaching and learning and promote best practice in the continuous professional development of its excellent teaching staff. To this end the Academy has been developing new strategies to support teaching and learning that embed good educational practice.

The Academy promotes the social, moral, spiritual, cultural and academic development of our students in a fully inclusive organisation which further promotes diversity and equality of opportunity. The core values are Respect, Responsibility and Relationships which, in conjunction with Academy, student and parent partnership, facilitates our vision of aspire together, work together, achieve together.

In this environment each student can build self-confidence and contribute to the wider community as good citizens and leaders prepared for the opportunities, responsibilities and experience of later life.

Objectives, strategies and activities

The Academy continues to develop all areas across teaching and learning, along with the continued investment and development of student/staff support structures. Visits from the 'Education Improvement Group' have enabled the Academy to demonstrate the capacity to improve. The new strategies to support continued development in teaching and learning implemented by the Headteacher from taking up the role in September 2015 are starting to impact positively on Academy development.

FURNESS ACADEMIES TRUST

TRUSTEES REPORT (CONTINUED)

The Academy action plans are all focused around the objectives contained in the approved School Development Plan. Strategic management and financial oversight are provided by the committees of the governing body:

- Local Governing Body and Education Performance:
- Academic outcomes
- Academic progress
- Student welfare
- Learning community
- Finance and General Planning
- Remuneration, Search and Governance
- Audit and Risk Assurance
- Main Trust Board

All activities of the Academy are aimed at ensuring that these action plans are properly implemented and progress on them is regularly monitored. The Headteacher leads on these operational matters and the Trustees and Governors hold him to account. The governing body maintains the desire to achieve at least balanced budgets with appropriate financial management and safeguards in place.

Public benefit

The Academy Trust has complied with its duty to have due regard to the guidance on public benefit published by the Charity Commission (on their website at Charities and Public Benefit) in exercising its powers or duties.

STRATEGIC REPORT

Achievements and performance

The Academy remains identified by the HMI Inspectorate as a school that requires improvement having come out of special measures in April 2015. Considerable progress as identified by the 'Education Improvement Group' has taken place under the leadership of the new Headteacher since his appointment in September 2015, to embed new strategies to effectively develop teaching and learning as well as structures that support excellence in teaching staff and their professional development. This has been supported by considerable changes to the staffing structure that has created more opportunities for the development and support of Science Technology Engineering & Maths learning across the organisation, along with new pastoral and support structures to help achieve the best from both students and staff.

The Academy is on a journey to overcome the legacy of: bringing three schools together in 2009; the judgement of special measures being placed on it in May 2013; and with serving a larger than national average proportion of disadvantaged students which is 44% of the total student population.

The performance of students at Furness Academy continues in an upward trend and although the impact of changes to the curriculum and new accountability measures make it impossible to compare examination results year on year the impact of strategies to improve student attendance and behaviours continue to also display a positive trend.

During a time where there continues to be considerable turbulence in the examination system where results nationally have either declined or remained in line with previous years, the Academy can report that students achieving GCSE Grade C and above in English and Maths was 44.1%.

New and exciting opportunities for students and staff continue to develop and this year Furness Academy has been successful in securing European Commission Erasmus+ Programme funding to undertake best practice studies in teaching and learning with a range of European partner organisations over the next 2 years to 31 August 2018. The success of our project applications for the ScienceGirls and ELIOT projects was confirmed by the British Council in August 2015 and represents new grant income to the Academy that will add significant value to student learning opportunities in the Academy, CPD development for staff at a European level, and opportunities for students and staff to visit partner countries.

FURNESS ACADEMIES TRUST

TRUSTEES REPORT (CONTINUED)

Other achievements and community activities

Alongside the continued improvements to our academic success the students also engage with a rich diet of personal enrichment activities and civic responsibilities. A brief summary of these is listed below:

- A wide range of fundraising activities took place in school and included: Shoebox Appeal, Wheelie Bin Challenge, Children in Need, World Book Day, Keswick to Barrow Walk, St Mary's Hospice Walk to Remember, Christmas Charity Craft Fair and Summer Fair to name a few all of which raised over £6500 for local, national and international charitable causes.
- Our brilliant Top of the Form Team narrowly missed out on winning the event in 2016 finishing as runners up in the STEM focused University Challenge Event organised by BAE Systems for schools across the South Lakes area.
- This year's fantastic school production 'Aladdin' was a huge success with sell-out audiences. The standard and quality was recognised with super reviews from the local media and those that attended. We also opened our doors to our local community and schools for a community performance of the show. By the end of closing night, the students had performed to well over a thousand people.
- We were incredibly proud to see one of our Year 9 students win the Wordsworth Poetry Competition beating 120 other entries across Cumbria. The trophy was presented by Christopher Wordsworth on behalf of the Wordsworth Family Trust and will now be on display at Wordsworth's Rydal Mount Cottage along with a copy at the Houses of Parliament.
- A team of Year 7 students from the Academy took part in the IET Faraday Micro:bit Challenge which was to develop a small programmable tool and introduce students to the world of computer coding. The Furness Academy team did fantastically well to finish runners up out of 760 schools taking part across the UK receiving their certificates and a prize of £250 at the national finals which took place at the National Computing Museum at Bletchley Park, Milton Keynes.
- A group of Year 9 students worked on the Sky Sports for Living Project working with Rik Wadden, Paralympian Cyclist on a project around the development of team skills and leadership.
- Students worked on a project with Signal Films to produce a 3-minute contemporary film based on Shakespeare's Macbeth which was subsequently entered into the national 'Into Film Festival'.
- Students received a visit from a holocaust survivor Joanna Millan as part of a visit organised by the Holocaust Educational Trust.
- Our Young Enterprise team had a very successful year becoming one of the top Young Enterprise groups in the local area. The proudly presented all profit made to local charity, St Mary's Hospice.
- STEM (Science, Technology, Enterprise and Maths) continues to engage an ever increasing number of students with a range of events and activities:
 - Top of the Form
 - Science workshops at Furness College
 - The Big Bang Roadshow
 - Salter's Festival Of Chemistry
 - STEM Club
 - The Guitar Physicist Event
 - UK Mathematics Trust (UKMT) Challenge
 - BAE/RAF Roadshow
 - SkillsFest
 - Champion-Ship Event
- A range of local and national companies worked with our Year 9 students by offering the Academy's first Careers Speed dating event where over 40 professionals from the world of work outlined employers' expectations of future employees and took part in a guess my job question and answer session. This is coupled with the Year 11 careers preparation we do each year where we invite local businesses, training providers, colleges and other FE and HE providers to inform our students about their post-16 options.
- Students from years 7 to 11 took part in Young Writer's Spine Chillers 100-word story competition. Of the 96 entries submitted 70 were selected to be published in the new Spine Chillers North West Book which will be available in libraries across the UK.
- Our transition programme to support Year 5 and Year 6 students looking to learn about life in a secondary school, concluded with our own Rio Mini Olympics Celebration on the recently opened all-weather athletics

FURNESS ACADEMIES TRUST

TRUSTEES REPORT (CONTINUED)

- We are a leading school in the national HeadStart programme, set up to encourage emotional resilience and strength in young people. This included our students becoming ambassadors for your students and supporting them in their transition to secondary school.

Furness Academy is also very proud to have a number of regional and national representatives and champions within our school community which include:

- Year 7 Rugby Team Town Cup Winners
- Year 7 Basketball Team League Winners
- Year 9 Rugby Team South Cumbria Champions

A wide range of students represent the region for athletics and we hope that the new addition of the athletics track to our facilities will see further growth in this area.

Further individual successes include:

- U16 British Go Kart champion
- Members of the England judo team
- Members of the England kayaking team
- Wigan Rugby League Club signing of one of our students upon leaving the Academy
- A number of Year 10 boys attend training sessions with a variety of Super League Rugby clubs each week
- Local team Roose Pioneers won the town final, predominantly made up of Academy students

Going concern

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

Key financial performance indicators

The Finance Committee of the Board of Trustees met four times during the year to review financial performance. Key indicators are the percentage of staff costs as a percentage of total income, and the management of expenditure against the original budget.

FURNESS ACADEMIES TRUST

TRUSTEES REPORT (CONTINUED)

Financial review

The majority of the Academy's income was received in the form of grants, either directly from the Department for Education, or via the Local Authority or other organisations. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. Grant income was lower 11% lower in 2015/16 than in the previous year due mainly to the reduction in student numbers and reductions in the minimum funding guarantee.

During the year grants were also received from Sport England as a final completion payment on the Athletics Track and Cumbria County Council relating to SEN support provision.

Capital expenditure projects in 2015/16 during the year amounted to £206k and the income is included in the restricted fixed asset fund in the Statement of Financial Activities. The fund is reduced by the annual depreciation charges over the useful life of the assets concerned, as shown in the Accounting policies. Total income for the year was £6.29m (2015: £7.04m).

The Academy had to manage down costs to match the fall in income. Expenditure for the year was £7.07m (2015: £7.57m) a large part of which comprised staff costs and included further redundancy and compensation payments of £87k paid as a result of further restructuring. A further challenge was the requirement to make payments of £126k to the pension fund to cover historic deficits.

The Statement of Financial Activities shows a deficit of £775k (2015: deficit of £524k).

Reserves now stand at £16.33m (2015: £20.16m). The trustees are aware of the impact of government changes to the funding formula for academies and are pleased to have sufficient reserves to cushion the impact of these changes in the short term.

Financial and risk management objectives and policies

The Academy aims to minimise its exposure to financial risk, which are mainly cash flow, credit and liquidity risks.

Pension Liability

Under accounting standard FRS102 section 28, it is necessary to charge projected deficits on the Local Government Pension scheme to the Income & Expenditure Account, and to show any liabilities on the Balance Sheet. The pension fund liability was inherited from Cumbria County Council in 2009, and as at the 31 August 2016 showed a deficit of £6.31m. The 2015 valuation showed a £3.15m deficit. The £3.16m increase in the liability has been reflected as a loss in the current year. It should be noted that the scheme deficit does not present a liquidity problem for the Academy.

Reserves policy

The Trustees regularly review the finances, budgets and spend against budget as part of their effective governance of the Academy. The reserve levels are reviewed annually and the Trustees have determined that the appropriate level of reserves should be £400k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Investment policy

The Academy's Treasury Management Policy sets out the Academy's objectives and procedures in relation to investing cash and other resources. The Academy aims to maximise returns from long and short term investments, whilst ensuring funds are not placed at risk and that sufficient cash is available to meet day to day operational requirements. A cautious approach will be taken when determining amounts and durations and only low risk investments will be used. Additionally the Academy continues to comply with all Department for Education rules on such matters.

FURNESS ACADEMIES TRUST

TRUSTEES REPORT (CONTINUED)

Plans for future periods

The Academy continues to thrive in its new building with the addition of the now fully operational athletics facility adding to the extensive range of high quality facilities for use by both curriculum delivery and the local community. We continue to foster links with the community which is increasing lettings and the uptake on facilities. Major athletics and wider events have relocated to the Academy and there is greater public use of all facilities.

The Academy continues to develop extensive links with its feeder schools and has developed a new Marketing Strategy that now sees the Academy putting in place planned activities aimed at engaging with students and parents in Years 4, 5 and 6 of primary feeder schools. This enables primary to secondary transition and STEM learning experiences. The early success of this approach can be seen in the Academy intake for the new academic year which at 192 was the highest intake since locating to the new buildings. We hope to grow this further in 2016/17.

The Academy continues to develop its partnership with its sponsor BAE Systems Marine Limited realigning the teaching and learning structure in the school to reflect the Academy focus on STEM learning. The BAE support from both Trustees expertise and through STEM Ambassadors will continue to support the development of high quality teaching and learning along with an effective operational business supporting all Academy activities.

Following the Academy's success in securing European Commission Erasmus+ funding the Academy intends to bid on a number of project opportunities in the 2016/17 EU funding call with the intention of maximising the opportunities for both students and staff to develop their potential through transnational projects.

Alongside this the Academy is now actively sourcing and bidding for UK grant funding opportunities aimed at creating added value provision for students of the Academy.

A new Continuous Professional Development (CPD) structure has been developed to support high quality staff development opportunities across the teaching and learning teams in the Academy which will provide a significant increase in the CPD time available to our staff. Following successful consultation with our parents, the school now operates a shortened school day every second Wednesday which allows for a whole school and departmental; CPD slot of 3 hours to be available 2pm to 5pm on these Wednesdays. Research evidence suggests that investment in the CPD time for teaching staff to develop their teaching pedagogy ultimately yields improvements in educational attainment in the student population. We have also put in place the BlueSky software tool to record CPD and link this CPD to the School Development Plan and Performance Management Objectives.

Principal risks and uncertainties

Furness Academy's Risk Register is considered by the Audit Committee of the Board of Trustees three times per year. Furness Academy's principal risks concern exam results, Ofsted inspections, Health & Safety and Financial risks. Each separate risk has an owner and control measures are in place to mitigate the impact of such risks.

FURNESS ACADEMIES TRUST

TRUSTEES REPORT (CONTINUED)

AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditor

In so far as the Trustees are aware:

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

The Trustees report is approved by order of the Board of Trustees and the strategic report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 7 December 2016 and signed on its behalf by:

A Burbridge
Chairperson

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FURNESS ACADEMIES TRUST

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Furness Academies 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 Headteacher, as Accounting Officer, for ensuring financial controls conform to 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 Furness Academy and the Secretary of State for Education. The Headteacher is 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 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
A Burbridge	4	4
E Creighton	3	4
I Smith	3	4
J Arnold	4	4
D Graham	4	4
N Lauderdale	2	4
G Benbow	1	4
A Hearnden	3	4
J Shields	4	4
A Burns	3	4
J Smith	4	4
J Zaccarini (Resigned 18 October 2016)		

The Finance and General Planning Committee is a sub-committee of the main Board of Trustees. Its purpose is to oversee the management of Academy's finances and resources, and assist the decision making of the board of trustees. The Committee gives detailed consideration of issues as they arise, through receipt of reports covering both progress against current plans or new proposals and initiatives.

During the year, the Finance and General Planning Committee reviewed management accounts, approved the budget for academic year 2016/17, and considered restructuring costs.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
I Smith	3	3
J Arnold	3	3
G Benbow	3	3
J Smith	3	3

FURNESS ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

The Local Governing Body is a subcommittee of the main Board of Trustees and incorporates the Education Performance Committee. Its purpose is to ensure clarity of vision, ethos and strategic direction; hold the Headteacher to account for the educational performance of the school and its pupils; and oversee the financial performance of the school and making sure its money is well spent.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
T Burbridge (Chair)	5	5
J Shields (Vice Chair)	5	5
T Creighton	1	5
G Benbow	3	5
A Hearnden	2	5
S Laheney	5	5
S Wilson	4	5
A Burns	3	5
J Beach	2	2
K Galvaey	4	4

The Audit and Risk Assurance Committee is a sub-committee of the main Board of Trustees. Its purpose is to advise the Board of Governors on the adequacy and effectiveness of the Academy's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy,

The Committee also deals with the appointment and the scope of work of the Internal Auditor and the Financial Statement Auditor. During the year, the Audit Committee reviewed the recommendations arising from the visits of the Internal Auditor and discussed improvements to the Academy's risk management processes.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
D Graham	3	3
N Lauderdale	2	3
A Hearnden	3	3
A Burns	1	3

The **Remuneration, Search & Governance Committee** is a sub-committee of the main Board of Trustees. Its purpose is to advise the Trust Board on matters relating to; appraisal, KPIs and remuneration of Senior Postholders; the training of Trustees and members of the Local Governing Bodies; and to oversee the Scheme of Delegation

Attendance at meetings in the year was as follows:

Trustees	Meetings Attended	Out of a possible
J Arnold	3	3
T Burbridge	3	3
J Smith	2	3
A Hearnden	3	3

FURNESS ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Renegotiating contracts with suppliers to drive down costs, for example phone and other utility contracts
- Improving results through targeted interventions with small groups aimed particularly at pupil premium students
- Improved financial governance through challenge of planned spending to ensure resources targeted to areas where maximum benefit can be obtained, for example learning and revision workshops.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Furness Academies Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and General Planning Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for specific regular reviews to be undertaken and requested that RSM operate in this role in 2016 to review financial controls to ensure the new sponsor that all measures were effectively being taken. The Trustees have appointed RSM as the external auditor, to perform additional checks.

FURNESS ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

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

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

Approved by order of the Board of Trustees on 07 December 2016 and signed on its behalf by:

A Burbridge S Laheney
Chairperson Accounting Officer

FURNESS ACADEMIES TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Furness Academy I have considered my responsibility to notify the Academy Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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 2015/16.

I confirm that I and the Academy's 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 2015/16.

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

S Laheney

Accounting Officer

07 December 2015

FURNESS ACADEMIES TRUST

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Governors (who act as Trustees for charitable activities of Furness Academy Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors 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 Governors 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 that grants received from the DfE/EFA have been applied for the purposes intended.

The Governors 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 Governing Body on 07 December 2016 and signed on its behalf by:

A Burbridge
Chairperson

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FURNESS ACADEMIES TRUST

YEAR ENDED 31 AUGUST 2016

We have audited the financial statements of Furness Academies Trust for the year ended 31 August 2016 set out on pages 19 to 36. 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", and the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the statement of Trustees responsibilities set out on page 16, the Trustees (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company 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.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees report and the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FURNESS ACADEMIES TRUST (CONTINUED)

YEAR ENDED 31 AUGUST 2016

Matters on which we are required to report by exception

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

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

Karen Musgrave (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE
Date: 9 December 2016

FURNESS ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed asset Funds £'000	Endowment Funds £'000	Total 2016 £'000	Total 2015 £'000
Income and endowments from:							
Donations and capital grants	3	-	40	134	100	274	466
Charitable activities:							
- Funding for educational operations	4	-	5,691	-	-	5,691	6,273
Other trading activities	5	326	-	-	-	326	302
Investments	6	-	-	-	-	-	2
Total income and endowments		<u>326</u>	<u>5,731</u>	<u>134</u>	<u>100</u>	<u>6,291</u>	<u>7,043</u>
Expenditure on:							
Charitable activities:							
- Educational operations	8	<u>141</u>	<u>6,111</u>	<u>814</u>	<u>-</u>	<u>7,066</u>	<u>7,567</u>
Total expenditure	7	<u>141</u>	<u>6,111</u>	<u>814</u>	<u>-</u>	<u>7,066</u>	<u>7,567</u>
Net income/(expenditure)		185	(380)	(680)	100	(775)	(524)
Transfers between funds		-	-	72	(72)	-	-
Other recognised gains and losses							
Remeasurement of net defined benefit pension obligation	20	<u>-</u>	<u>(3,054)</u>	<u>-</u>	<u>-</u>	<u>(3,054)</u>	<u>(32)</u>
Net movement in funds		185	(3,434)	(608)	28	(3,829)	(556)
Reconciliation of funds							
Total funds brought forward		<u>(14)</u>	<u>(2,174)</u>	<u>22,030</u>	<u>318</u>	<u>20,160</u>	<u>20,716</u>
Total funds carried forward		<u>171</u>	<u>(5,608)</u>	<u>21,422</u>	<u>346</u>	<u>16,331</u>	<u>20,160</u>

FURNESS ACADEMIES TRUST**BALANCE SHEET****AS AT 31 AUGUST 2016**

	Notes	2016		2015	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		21,422		22,030
Current assets					
Debtors	13	391		461	
Cash at bank and in hand		1,201		1,462	
		<u>1,592</u>		<u>1,923</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(373)		(642)	
Net current assets			1,219		1,281
Net assets excluding pension liability			22,641		23,311
Defined benefit pension liability	20		(6,310)		(3,151)
Net assets			<u>16,331</u>		<u>20,160</u>
Funds of the Academy Trust:					
Restricted funds	16				
- Restricted fixed asset funds			21,422		22,030
- Restricted general funds			702		976
- Pension reserve			(6,310)		(3,151)
- Endowment funds			346		319
Total restricted funds			<u>16,160</u>		<u>20,174</u>
Unrestricted income funds	16		171		(14)
Total funds			<u>16,331</u>		<u>20,160</u>

The financial statements set out on pages 19 to 36 were approved by the Board of Trustees and authorised for issue on 7 December 2016 and are signed on its behalf by:

.....
A Burbridge
Chairperson

FURNESS ACADEMIES TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £'000	£'000	2015 £'000	£'000
Cash flows from operating activities					
Net cash used in operating activities	18		(289)		(145)
Cash flows from investing activities					
Dividends, interest and rents from investments		-		2	
Capital funding from sponsors and others		134		326	
Payments to acquire tangible fixed assets		(206)		(456)	
			(72)		(128)
Cash flows from financing activities					
Endowment fund income		100		100	
			100		100
Change in cash and cash equivalents in the reporting period					
			(261)		(173)
Cash and cash equivalents at beginning of the year			1,462		1,635
Cash and cash equivalents at end of the year			1,201		1,462

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Furness Academies Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees report.

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

Basis of preparation

The financial statements of the Academy Trust 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 financial statements 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Furness Academies Trust meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

These financial statements are the first financial statements of Furness Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Furness Academies Trust for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

Going concern

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company 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.

Income

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

Grants

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

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

Capital grants are recognised 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.

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings	50 years straight line
Computer equipment	4 years straight line
Fixtures, fittings and equipment	3-5 years straight line

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

Liabilities

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

Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Taxation

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

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but 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 are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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 net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

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

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

Restricted general funds & endowment funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
Private sponsorship	-	40	-	40	40
Capital grants	-	134	-	134	326
Endowments	-	-	100	100	100
	<u>-</u>	<u>174</u>	<u>100</u>	<u>274</u>	<u>466</u>

The income from donations and capital grants was £274,000 (2015: £466,000) of which £40,000 was restricted (2015: £40,000), £134,000 was restricted fixed assets (2015: £326,000) and £100,000 was endowment funds (2015: £100,000).

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
DfE / EFA grants				
General annual grant (GAG)	-	5,087	5,087	5,631
Other DfE / EFA grants	-	366	366	420
	<u>-</u>	<u>5,453</u>	<u>5,453</u>	<u>6,051</u>
Other government grants				
Local authority grants	-	150	150	170
Special educational projects	-	88	88	52
	<u>-</u>	<u>238</u>	<u>238</u>	<u>222</u>
Total funding	<u>-</u>	<u>5,691</u>	<u>5,691</u>	<u>6,273</u>

The income from funding for educational operations was £5,691,000 (2015: £6,273,000) of which £5,691,000 was restricted (2015: £6,273,000).

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	33	-	33	20
Catering income	265	-	265	226
Other income	28	-	28	56
	<u>326</u>	<u>-</u>	<u>326</u>	<u>302</u>

The income from other trading activities was £326,000 (2015: £302,000) of which £326,000 was unrestricted (2015: £284,000) and £- was restricted (2015: £18,000).

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	-	-	-	2
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>

The income from funding for investment income was £nil (2015: £2,000) of which £nil was unrestricted (2015: £2,000).

7 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
Academy's educational operations					
- Direct costs	3,401	-	247	3,648	4,219
- Allocated support costs	1,519	1,055	844	3,418	3,348
Total expenditure	<u>4,920</u>	<u>1,055</u>	<u>1,091</u>	<u>7,066</u>	<u>7,567</u>

Net income/(expenditure) for the year includes:

	2016 £'000	2015 £'000
Fees payable to auditor		
- Audit	6	-
- Other services	2	-
Operating lease rentals	(9)	7
Net interest on defined benefit pension liability	119	72
Depreciation of tangible fixed assets	814	848
	<u>812</u>	<u>827</u>

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	-	3,648	3,648	4,219
Support costs - educational operations	141	3,277	3,418	3,348
	<u>141</u>	<u>6,925</u>	<u>7,066</u>	<u>7,567</u>

The expenditure on educational operations was £7,066,000 (2015: £7,567,000) of which £141,000 was unrestricted (2015: £210,000), £6,111,000 was restricted (2015: £6,509,000) and £814,000 was restricted fixed assets (2015: £848,000).

	2016 £'000	2015 £'000
Analysis of support costs		
Support staff costs	1,519	1,582
Depreciation and amortisation	814	848
Technology costs	255	272
Premises costs	241	145
Other support costs	532	448
Governance costs	57	53
	<u>3,418</u>	<u>3,348</u>

9 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	3,555	4,055
Social security costs	303	300
Other pension costs	888	646
	<u>4,746</u>	<u>5,001</u>
Total staff costs	4,746	5,001
Supply staff costs	55	248
Staff restructuring costs	87	166
Staff development and other staff costs	32	85
	<u>4,920</u>	<u>5,500</u>

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Staff costs (Continued)

Staff numbers

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

	2016 Number	2015 Number
Teachers	56	68
Administration and support	51	60
	<u>107</u>	<u>128</u>

Higher paid staff

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

	2016 Number	2015 Number
£60,000 - £70,000	5	4
£80,000 - £90,000	-	1
£90,000 - £100,000	1	-
	<u>1</u>	<u>-</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £407,864 (2015: £379,060)

10 Trustees remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as Trustees.

The value of Trustees remuneration and other benefits was as follows:

J Beach (Support Staff Governor & Catering Manager) £20,000 - £30,000
K Galveay (Teaching Staff Governor & Teacher of Science) £30,000 - £40,000

11 Trustees and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was unable to be distinguished from the total insurance cost.

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2015	21,826	1,564	111	23,501
Additions	46	144	16	206
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2016	21,872	1,708	127	23,707
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 September 2015	472	913	86	1,471
Charge for the year	470	337	7	814
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2016	942	1,250	93	2,285
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 August 2016	20,930	458	34	21,422
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2015	21,354	651	25	22,030
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13 Debtors

	2016 £'000	2015 £'000
Trade debtors	53	12
VAT recoverable	97	40
Other debtors	121	162
Prepayments and accrued income	120	247
	<u> </u>	<u> </u>
	391	461
	<u> </u>	<u> </u>

14 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	143	215
Other taxation and social security	154	178
Accruals and deferred income	76	249
	<u> </u>	<u> </u>
	373	642
	<u> </u>	<u> </u>

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15	Deferred income	2016	2015
		£'000	£'000
	Deferred income is included within:		
	Creditors due within one year	44	149
		<u> </u>	<u> </u>
	Deferred income at 1 September 2015	149	124
	Released from previous years	(105)	-
	Amounts deferred in the year	-	25
		<u> </u>	<u> </u>
	Deferred income at 31 August 2016	44	149
		<u> </u>	<u> </u>

The deferred income relates to funds received in advance for the 2017 financial year.

16	Funds	Balance at 1	Income	Expenditure	Gains, losses	Balance at 31
		September			& transfers	August 2016
		2015				
		£'000	£'000	£'000	£'000	£'000
	Restricted general funds					
	General Annual Grant	861	5,087	(5,246)	-	702
	Other DfE / EFA grants	-	366	(366)	-	-
	Other government grants	116	238	(354)	-	-
	Other restricted funds	-	40	(40)	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Funds excluding pensions	977	5,731	(6,006)	-	702
	Pension reserve	(3,151)	-	(105)	(3,054)	(6,310)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		(2,174)	5,731	(6,111)	(3,054)	(5,608)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Restricted fixed asset funds					
	DfE / EFA capital grants	22,030	134	(814)	72	21,422
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Restricted endowment fund	318	100	-	(72)	346
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Total restricted funds	20,174	5,965	(6,925)	(3,054)	16,160
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Unrestricted funds					
	General funds	(14)	326	(141)	-	171
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Total funds	20,160	6,291	(7,066)	(3,054)	16,331
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds (Continued)

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

Restricted general fund

This fund represents grants received for the Academy's operational activities and development.

Fixed assets fund

These grants relate to funding from the DfE, EFA and private sponsors to carry out works of a capital nature as part of the school improvement plan.

Endowment funds

These funds relate to monies received from the local government, private sector and private sponsors to carry out works of a capital or revenue nature.

Unrestricted funds

This fund primarily relates to income from lettings and teaching school income.

17 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Funds	Total 2016
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 August 2016 are represented by:					
Tangible fixed assets	-	-	21,422	-	21,422
Current assets	171	1,075	-	346	1,592
Creditors falling due within one year	-	(373)	-	-	(373)
Defined benefit pension liability	-	(6,310)	-	-	(6,310)
	<u>171</u>	<u>(5,608)</u>	<u>21,422</u>	<u>346</u>	<u>16,331</u>

18 Reconciliation of net expenditure to net cash flows from operating activities

	2016 £'000	2015 £'000
Net expenditure for the reporting period	(775)	(524)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(134)	(326)
Net endowment income	(100)	(100)
Interest receivable	-	(2)
Defined benefit pension scheme cost less contributions payable	(14)	-
Defined benefit pension scheme finance cost/(income)	119	72
Depreciation of tangible fixed assets	814	848
(Increase)/decrease in debtors	70	273
Increase/(decrease) in creditors	(269)	(386)
Net cash used in operating activities	<u>(289)</u>	<u>(145)</u>

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

20 Pensions and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

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

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.

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.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £343,000 (2015: £382,000).

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

20 Pensions and similar obligations (Continued)

The TPS is a multi-employer pension scheme and there is insufficient information to account for the scheme as a defined benefit scheme so it is accounted for as a defined contribution scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % 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.

Total contributions made	2016	2015
	£'000	£'000
Employer's contributions	341	332
Employees' contributions	56	71
	<hr/>	<hr/>
Total contributions	397	403
	<hr/> <hr/>	<hr/> <hr/>

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

Principal actuarial assumptions	2016	2015
	%	%
Rate of increases in salaries	3.7	3.4
Rate of increase for pensions in payment	2.2	2.0
Discount rate	4.0	2.2
CPI inflation / CARE benefits revaluation	2.2	1.9
	<hr/>	<hr/>

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

	2016	2015
	Years	Years
Retiring today		
- Males	23	23.1
- Females	25.6	25.7
Retiring in 20 years		
- Males	25.8	25.9
- Females	28.8	28.9
	<hr/> <hr/>	<hr/> <hr/>

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

20 Pensions and similar obligations (Continued)

The Academy Trust's share of the assets in the scheme	2016 Fair value £'000	2015 Fair value £'000
Equities	2,562	2,088
Government bonds	996	727
Other bonds	371	286
Cash/liquidity	152	111
Property	534	441
Other assets	468	318
Total fair value of assets	<u>5,083</u>	<u>3,971</u>
Actual return on scheme assets - gain/(loss)	<u>829</u>	<u>(157)</u>
Amounts recognised in the statement of financial activities	2016 £'000	2015 £'000
Current service cost	199	249
Net interest cost	119	72
Plan introductions, benefit changes, curtailments and settlements	128	-
Total operating charge	<u>446</u>	<u>321</u>
Changes in the present value of defined benefit obligations		2016 £'000
Obligations at 1 September 2015		7,122
Current service cost		199
Interest cost		284
Employee contributions		56
Actuarial loss		3,718
Benefits paid		(109)
Plan introductions, benefit changes, curtailments and settlements		123
At 31 August 2016		<u>11,393</u>

FURNESS ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

20 Pensions and similar obligations (Continued)

Changes in the fair value of the Academy Trust's share of scheme assets	2016 £'000
Assets at 1 September 2015	3,971
Interest income	165
Return on plan assets (excluding net interest on the net defined pension liability)	664
Employer contributions	341
Employee contributions	56
Benefits paid	(109)
Plan introductions, benefit changes, curtailments and settlements	(5)
	<hr/>
At 31 August 2016	5,083

21 Related party transactions

No related party transactions took place in the period of account.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO FURNESS ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 1 April 2014 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Furness Academies Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Furness Academies Trust and the EFA in accordance with the terms of our engagement letter dated 1 April 2014. Our work has been undertaken so that we might state to the Furness Academies Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Furness Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Furness Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Furness Academies Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015/6. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015/6 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO FURNESS ACADEMIES TRUST AND THE EDUCATION 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 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM UK Audit LLP

Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

Dated: 9 December 2016