Registration number: 06895426 (England and Wales)

Furness Education Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019

Furness Education Trust

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Furness Education Trust

Reference and Administrative Details

Trustees (Directors)	G Benbow A J H Burbridge (Chairperson) A Burns G Corkill E W Creighton J Dean-Wilcock D W D Graham (resigned 18 December 2018) A M Hearnden J A Shields D A Kelly M Woodham H J Ellam (appointed 25 September 2018) S Knagg (appointed 28 November 2018) L D Woodburn (appointed 22 March 2019 and resigned 11 September 2019)
Staff/Parent Governors	J Beach, Staff Governor M Bond, Staff Governor V Fawcett, Parent Governor
Company Secretary	A R Judd
Senior Management Team	S Laheney, Headteacher and Accounting Officer S Kelly, Assistant Headteacher H Robinson, Assistant Headteacher D Mason, Assistant Headteacher L Stanway, Assistant Headteacher J Wildman, Assistant Headteacher J Rawsthorne, Business Director
Principal and Registered Office	Furness Academy Park Drive Barrow-in-Furness Cumbria LA13 9BB
Company Registration Number	06895426 (England and Wales)

Reference and Administrative Details (continued)

Auditors	RSM UK Audit LLP Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE
Bankers	Barclays Bank 86 Dalton Road Barrow-in-Furness LA14 1JH
Solicitors	Burnetts Solicitors Victoria House Wavell House Rosehill Carlisle Cumbria CA1 2ST

Furness Education Trust

Trustees' Report for the Year Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. 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, Cumbria. It has a pupil capacity of 1,200 and had a roll of 863 in the school census in January 2019.

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.

In July 2019 the company changed its name from Furness Academies Trust to Furness Education Trust. This will be the name of the new Trust following the merger of Furness Academies Trust with Inspired Learning Multi Academy Trust on 1 September 2019.

The Trustees of Furness Education 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 in accordance with the Trust's Articles of Association, as follows:

- Up to nine Trustees are appointed by the Sponsor. These Trustees are not necessarily from the sponsor's organisation.
- The Trustees can appoint up to four co-opted Trustees

The Trust Board is responsible for recruiting new Trustees that are appropriately skilled and experienced, seeking where necessary the approval of the Members for each appointment and for developing succession plans for key roles.

Policies and procedures adopted for the induction and training of Trustees

New Trustees are inducted by the Clerk and Business Director. They provide an overview of the Academy Governance structure, explain the duties of Trustees and Directors, and provide a copy of the induction pack that includes the latest version of the Department for Education's Governance Handbook and the Academies Financial Handbook. An annual skills audit, designed to identify areas of individual expertise to ensure that Trustees' strengths are utilised fully by the Board, is undertaken. The skills audit also enables Trustees' training needs to be identified and training to be provided as and when required, particularly in the preparation of Trustees for new roles within the Board.

The Trust also subscribes to the 'Schools, Students and Teachers Network' (SSAT), the 'National Governance Association' (NGA), 'The Key for School Governors', and the Governors Information Service in Cumbria. These provide training opportunities throughout the year for new and existing Trustees, but also provide much helpful governance advice and information.

Organisational structure

The Trust Board's duties and responsibilities are: to derive and implement strategies for future development of the Trust; to supervise financial performance; to hold the Headteacher and the Senior Leadership Team to account, through a productive and supportive relationship, for the educational performance of the Trust; and to acquire confidence through assurance activities that the need for any changes are identified, implemented and demonstrated to add real value.

The routine operational management of the Trust 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 and he determines the recruitment of all teaching and support staff. The day to day administration is undertaken within the policies and procedures approved by the Trustees. The Headteacher is the Trust's Accounting Officer, and his financial and other authorities are set out in the Scheme of Delegation.

Arrangements for setting pay and remuneration of key management personnel

The Remuneration, Search and Governance Committee is a sub-committee of the main Trust Board and is responsible for recommending the remuneration of key management personnel to the Trust Board.

Connected organisations, including related party relationships

Furness Education Trust has a single educational sponsor BAE Systems Marine Limited.

The Trust currently receives an annual donation from BAE Systems Marine Limited.

Objectives and activities

Objects and aims

The Trust aims to provide an outstanding education to boys and girls from the ages of 11 to 16 in the Barrow-in-Furness area, with strong emphasis on STEM (Science, Technology, Engineering and Mathematics). Furness Academy benefits immensely through its link to its sponsor BAE Systems Marine Limited who provide access and support from a range of STEM Ambassadors from their graduate development programme.
Alongside this the Academy has developed state-of-the-art sports provision, which includes a competition standard all-weather athletics track, to go alongside the FA approved 3G football pitch.

Additionally, the Trust 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 developed a comprehensive CPD programme which incorporates new research and evidence based practise to support first class teaching and learning.

The Trust promotes the social, moral, spiritual, cultural and academic development of the 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 the 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 Trust action plans are all focused around the objectives contained in the approved School Development Plan. Strategic management and financial oversight are provided by the Trust Board and supporting Committee Meetings (see Governance Statement).

All activities of the Trust 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, with the elected Governors, hold him to account. With regard to financial oversight, the Trust Board requires annual balanced budgets to be achieved with appropriate financial management and safeguards in place.

The Trustees and elected Governors determine the measures that need to be taken, both individually and collectively, to assure themselves that the information routinely provided by the Academy Headteacher and the Senior Leadership Team (SLT) at the Board and Committee Meetings are sufficient and properly representative of actual performance in the school. To enable this, topic and subject areas are allocated to all Trustees and Governors (some shared) and they are encouraged to establish, on a regular basis, Academy visit programmes with nominated staff leads. In addition, the Trust Board has appointed an independent and experienced Academy Improvement Partner who, three times per year, visits the Trust to review the progress on Self Evaluation, the School Development Plan and the detailed education performance data, and provides a report on each visit to the Board.

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

Furness Academy continues to be the school of choice for the Furness Peninsula with the highest number of first choice applicants than any other local secondary school. For the first time since its inception, Furness Academy was over-subscribed with over 270 applications as secondary school preference from local year 6 students.

Furness Academy's 2019 GCSE results were as predicted. Although as a collective, the results averaged lower than the previous year, there were some great individual successes. The results reflect good data management and knowledge of the students' abilities and needs. Internal assessments suggest that outcomes will continue to improve in coming years.

We were incredibly successful in the 2018 round of Erasmus+ European Project applications and proceeded with five of the 20 that we were offered. The projects are worth around 200,000 euros to Furness Academy. One of the projects has been recognised by the British Council for a National Award. We had a successful audit of our ScienceGirls project, and both ELIOT and ICAP projects have completed too with successful outcomes. Students and staff have travelled to Spain, Bulgaria, Croatia, Slovenia, Germany, Italy and Greece during the past academic year. We have introduced 'International Student Ambassadors' who champion the projects within the Academy and community.

The parents' survey feedback from the parent evenings (Years 7 and 8) was very positive: 99% in both year groups said, "Their child is happy at school and feels safe", 99% said, "Their child is making good progress at Furness Academy" and 100% "would recommend it to another parent". 100% of Year 11 parents either strongly agreed or agreed that, "Their child had been supported well in preparation for their GCSE exams" and 100% were, "Happy that they chose to send their child to Furness Academy".

The South Cumbria School Direct programme has had a very successful recruitment drive and courses are now closed as we have reached capacity. We have recruited nine teachers in total from a range of subjects including English, Maths and Science. The quality of applicants has been strong and it is anticipated the initiative will support future recruitment.

We had a successful year of sporting achievements:

- The Year 9 Rugby team are County Champions and a top 8 team nationally.
- Our football teams in each year either won or were the runners up in the Furness District Finals.
- The Under 15s girls cricket team is County Cup Champions for the 2nd year in a row.
- Our inclusive sports teams for Boccia and table cricket qualified to represent the district at the Cumbria Youth Games.

Strategic Report

Other achievements and community activities

Alongside the continued improvements in academic success, the students also engage in a rich programme of personal enrichment activities and civic responsibilities. A brief summary of these are listed below:

- Several local theatre trips have been successfully organized for a range of students.
- The cast of "The Wind in The Willows" performed an incredible show to sold out audiences in July.
- Our second Academy Calling festival was a huge success with more participation from groups, greater sponsorship and huge community involvement.
- We participated in the lottery funded You Bring the Band project building resilience through music accessed by 26 students from the Academy who performed in a Battle of the Bands competition against St Bernard's and Mill Lane Learning Centre. All groups recorded a cover song and wrote their own song, all complied into a digital album with proceeds donated to charity.
- We have created two exchange programmes, one with Germany and one with China. Staff and students will be visiting these countries during the next academic year.
- We held an Art Exhibition in the summer term, showcasing the amazing work of our students.
- Our activities week was a great success with students participating in various enrichment activities, visits to Paris, London and local attractions and culminating in a superb sports day.
- We continue to engage with local primary schools, inviting them to sporting events, our school productions, more able maths clubs and cross curricular work with subject specialist.
- Work experience was a huge success again with nearly all students in Year 10 participating in a week of work experience in our local community. Students in Year 9 had a careers speed dating events as part of their options process and we had various taster days and visited various Open Days as well.
- Students and staff participated again in the annual Coniston to Barrow walk, raising thousands of pounds for the Team Jake branch of the Children's Cancer and Leaukaemia group.
- The programme of awards and rewards continued this year, with various afternoon tea celebrations, celebration assemblies, various picnics and trips and finally our professional Sports Awards event at the end of the summer term.
- Furness Academy was a Golden Apple Education Award finalist in the category for Best Secondary School for the third year in a row and also this year in the Community Initiative category.
- We held our community Christmas Craft Fair raising £1,550 for local charities.
- Other charitable endeavors included a Foodbank Collection, our summer funfair which raised £1,500 for our local hospital and the Sheltered Shopping programme which supports local care homes. We continue to grow our partnership with St. Mary's Hospice hosting the 'Walk to Remember' event at the Academy and continuing our fundraising for the Hospice.
- We celebrated a positive final year with our Year 11 students including a wonderful prefects dinner with some live singing from our Year 11 band, our leavers' assembly and finally, our school Prom.
- The transition programme to support Year 5 and Year 6 students wishing to learn about life in a secondary school became more established this year. A rotating programme of transition events continued this year, starting with a sports science transition in January, followed by a performing arts transition in June, culminating in a STEM transition in October, just before students decide their secondary school choice.
- Our annual Ski Trip was well attended yet again and we held our first successful trip to Naples and Sorrento in May half term.

Key financial performance indicators

The Finance and General Planning Committee of the Trust Board met three 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.

Strategic Report

Going concern

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

Financial review

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 from the DfE/ESFA and Cumbria County Council was £97k more in 2018/19 than in the 2017/18 due mainly to an increase in student numbers. Total income for the year was £5.71m (2018: £5.46m).

Capital expenditure in 2018/19 during the year amounted to £44k 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 charge over the useful life of the assets concerned, as shown in the accounting policies.

Expenditure for the year was £6.64m (2018: £6.43m) a large part of which comprised staff costs. A further challenge was the requirement to make payments of £166k to the pension fund to cover historic deficits.

The Statement of Financial Activities shows a deficit of £3,204k (2018: deficit of £24k). Excluding depreciation and the impact of FRS102 s.28 pension adjustments, the Academy had an operating deficit for the year of £135k.

Reserves now stand at £13.90m (2018: £17.11m). The trustees are aware of the implications of government changes to the funding formula for academies and the impact of lagged funding of growth in student numbers. They are satisfied that there are sufficient reserves to cushion the impact of these changes in the short term.

An explanation of the impact of the pension liability on the financial positon of the academy trust

Under accounting standard FRS102 s.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 2019 showed a deficit of £6.70m (2018: £4.15m). The 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.

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.

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.

Strategic Report

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.

Principal risks and uncertainties

Furness Academy's Risk Register is considered by the Audit and Risk Assurance 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.

Strategic Report

Plans for future periods

The Academy continues to thrive in its relatively new building and make full use of the high quality facilities for both curriculum delivery and the local community. The Academy continues to foster links with the community and now has regular long term users of the facilities at the Academy. Major athletics and wider events have relocated to the Academy and there is greater public use of all facilities.

Furness Academies Trust obtained the approval of the Regional Schools Commissioner (North) to merge with Inspired Learning Multi Academy Trust and form the new Furness Education Trust on 1 September 2019, it is sponsored by BAE Systems. The new Trust aims to develop closer partnerships, strengthen teaching and learning, curriculum development and improve resource procurement. Phase Two of this development would be to incorporate other schools in Barrow interested in joining as an equal and equitable member.

The Academy continues to develop extensive links with its feeder schools and has developed a new marketing strategy that involves activities aimed at engaging with students and parents in Years 4, 5 and 6 of primary feeder schools. This improves primary to secondary transition and STEM learning experiences. The continued success of this approach can be seen in the Academy intake for the new academic year which at 253 was the highest intake since locating to the new buildings. Having been rated Good by Ofsted our expectation is that this will be maintained in 2019/20.

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 Systems support from Trustees and 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+ Educational Project funding for four projects in 2016, 2017 and 2018, the Academy secured a further five Erasmus + projects in 2019, maximizing the opportunities for both students and staff to develop their potential through transnational projects.

Alongside this the Academy is now bidding for UK grant funding opportunities to add value to provision for students of the Academy.

A 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 the staff. The school operates a shortened school day every second Wednesday which allows for a whole school and departmental CPD slot of 3 hours to be available 2.00pm to 5.00pm 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. The BlueSky software tool has also been put in place to record CPD, and to link this CPD to the School Development Plan and individual performance management objectives.

In addition, the Academy has invested in both the Ambition Leaders Middle Leaders Programme and the Outstanding Teacher Programme to further support the development of managers and teaching staff across the Academy. A new appraisal and performance management structure has been implemented for support staff to maximise the development, skills and potential of all staff to contribute to the success of the Academy.

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.

Reappointment of auditor

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

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Trust Board on 18/12/19 and signed on its behalf by:

A J H Burbridge (Chairperson)
Trustee

Governance Statement

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Furness Education 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 Trust Board 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 Trust Board 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 Trust Board has formally met 4 times during the year. Attendance during the year at meetings of the Trust Board was as follows:

Trustee	Meetings attended	Out of a possible
A J H Burbridge (Chairperson)	4	4
G Benbow	1	4
D W D Graham	1	3
E W Creighton	3	4
A M Hearnden	4	4
J A Shields	4	4
A Burns	2	4
G Corkill	4	4
D A Kelly	4	4
M Woodham	1	4
J Dean-Wilcock	3	4
H J Ellam	2	3
S Knagg	1	3
L D Woodburn	1	2
J Beach	1	1
M Bond	1	1
V Fawcett	1	1

Governance Review

The Finance and General Planning Committee is a sub-committee of the main Trust Board. Its purpose is to oversee the management of Academy's finances and resources, and assist the decision making of the Trust Board. 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 and approved the budget for academic year 2018/19. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
A J H Burbridge	3	3
G Benbow (Chairperson)	3	3
G Corkill	3	3
J Dean-Wilcock	1	1
S Knagg	3	3

The Education Performance Committee (incorporating the functions of the previous Local Governing Body as modified by the scheme of delegation) is a sub-committee of the main Trust Board. Its purpose is to hold the Headteacher to account for the standards of teaching and learning applied and for all aspects of the educational performance of the school and its pupils.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
J Shields (Chairperson)	2	2
E Creighton	-	2
S Laheney	2	2
A Burns	1	2
J Beach	1	2
M Bond	2	2
D Kelly	2	2
V Fawcett	-	2
M Woodham	1	2
G Corkill	1	2
J Dean-Wilcock	2	2
H Ellam	2	2
J Buckingham	1	2

Governance Statement (continued)

The Remuneration, Search & Governance Committee is a sub-committee of the main Trust Board. Its purpose is to advise the Trust Board on matters relating to: appraisal, KPIs and remuneration of senior post- holders; governance and assurance improvement activities and methods; the recruiting, induction and subsequent training of Trustees; oversight of the Scheme of Delegation.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
A Burbridge	4	4
A Hearnden (Chairperson)	3	4
J Shields	4	4
G Benbow	1	4
D Graham	-	2
J Dean-Willock	-	1

The Audit and Risk Assurance Committee is a sub-committee of the main Trust Board. Its purpose is to advise the Trust Board 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 during the year was as follows:

Trustee	Meetings attended	Out of a possible
D W D Graham (Chairperson to December 2018)	1	1
D A Kelly	2	3
A M Hearnden	2	3
A Burns	1	3
M Woodham	0	3
J Dean-Wilcock (Chairperson)	1	2
H J Ellam	2	2

Review of value for money

As Accounting Officer 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 Trust's use of its resources has provided good value for money during each academic year, and reports to the Trust Board 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 ongoing 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 Education Trust for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Trust Board 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 Trust Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust Board.

There were no material control or other issues reported by the Responsible Officer to date.

Governance Statement (continued)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust Board;
- 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 dutics;
- identification and management of risks.

The Trust Board has considered the need for a specific internal audit function and requested that RSM, the external auditors, perform additional checks. In addition to the regularity and controls testing performed as external auditors, RSM completed a review of the operation of the Euro Bank account and related financial transactions. The management and operation of Erasmus + projects was also subject to external scrutiny by the Erasmus + UK National Agency Auditors.

Review of effectiveness

As Accounting Officer, S Laheney 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 Committee Finance and General Purposes 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 Trust Board on 18/12/19 and signed on its behalf by:

A J H Burbridge (Chairperson)

S Laheney (Accounting Officer)

Furness Education Trust

Statement on Regularity, Propriety and Compliance

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

I confirm that I and the Trust Board 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 2018.

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

.....

S Laheney (Accounting Officer)

Date: 18/12/19

Furness Education Trust

Statement of Trustees' Responsibilities

The Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 the 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 on 18/12/19 and signed on its behalf by:

.....
A J H Burbridge (Chairperson)
Trustee

.....
S Laheney
Head Teacher

Furness Education Trust

Independent Auditor's Report on the Financial Statements to the Members of Furness Education Trust

Opinion

We have audited the financial statements of Furness Education Trust (the "charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 charitable company'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 other 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.

Independent Auditor's Report on the Financial Statements to the Members of Furness Education Trust (continued)

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, which includes the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report included within 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 the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report included within the Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the Trustees (who act as Trustees for the charitable activities of the charitable company 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, 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 charitable company'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 charitable company 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 http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report on the Financial Statements to the Members of Furness Education Trust (continued)

Use of our report

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.

RSM UK Audit LLP.

Karen Musgrave (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

Date: 19/12/19

Furness Education Trust

Statement of Financial Activities for the Year Ended 31 August 2019
(including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Income and endowments from:						
Donations and capital grants	2	-	50	40	90	47
Charitable activities:						
Funding for the Academy trust's educational operations	3	-	5,164	-	5,164	5,057
Other trading activities	4	452	-	-	452	344
Investments	5	2	-	-	2	1
Total		454	5,214	40	5,708	5,459
Expenditure on:						
Charitable activities:						
Academy trust educational operations	7	351	5,728	565	6,644	6,426
Net income/(expenditure)		103	(514)	(525)	(936)	(967)
Transfers between funds		(145)	145	-	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	22	-	(2,268)	-	(2,268)	943
Net movement in deficit		(42)	(2,637)	(525)	(3,204)	(24)
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2018		591	(4,055)	20,572	17,108	17,132
Total funds/(deficit) carried forward at 31 August 2019		549	(6,692)	20,047	13,904	17,108

Furness Education Trust

(Registration number: 06895426 (England and Wales))
Balance Sheet as at 31 August 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Tangible assets	11	19,848	20,369
Current assets			
Debtors	12	326	307
Cash at bank and in hand		1,006	987
		1,332	1,294
Current liabilities			
Creditors: Amounts falling due within one year	13	(579)	(402)
Net current assets		753	892
Total assets less current liabilities		20,601	21,261
Net assets excluding pension liability		20,601	21,261
Pension scheme liability	22	(6,697)	(4,153)
Net assets		13,904	17,108
Funds of the Academy:			
Restricted funds			
Restricted general fund	14	5	98
Restricted fixed asset fund	14	20,047	20,572
Restricted pension fund	14	(6,697)	(4,153)
		13,355	16,517
Unrestricted funds			
Unrestricted general fund	14	549	591
Total funds		13,904	17,108

The financial statements on pages 22 to 45 were approved by the Trustees, and authorised for issue on 18/12/19 ..... and signed on their behalf by:

.....

A J H Burbridge (Chairperson)
Trustee

Furness Education Trust

Statement of Cash Flows for the Year Ended 31 August 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	17	21	(178)
Cash flows from investing activities	19	(2)	(92)
Cash flows from financing activities	18	-	-
Change in cash and cash equivalents in the year		19	(270)
Cash and cash equivalents at 1 September		987	1,257
Cash and cash equivalents at 31 August	20	1,006	987

1 Accounting policies

Furness Education 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 Trustee's 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, 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

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

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'.

Donated fixed assets

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 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.

1 Accounting policies (continued)

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

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, per the table below.

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

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

Asset class	Depreciation method and rate
Land and buildings	5-50 years straight line
Assets under construction	No depreciation charged until brought into use
Computer equipment	3-5 years straight line
Fixtures, fittings and equipment	4-5 years straight line
Motor vehicles	4-5 years straight line

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 under operating leases are charged on a straight line basis over the lease term.

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to the charity'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.

1 Accounting policies (continued)

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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.

Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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

1 Accounting policies (continued)

Critical accounting estimates and areas of judgement

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22 , will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Restricted funds £ 000	Restricted fixed asset funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Educational trips and visits	10	-	10	7
Capital grants	-	40	40	-
Private sponsorship	40	-	40	40
	50	40	90	47

The income from donations and capital grants was £90,000 (2018: £47,000) of which £50,000 was restricted (2018: £47,000), £40,000 was restricted fixed assets (2018: £nil).

3 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
DfE/ESFA revenue grants			
General annual grant (GAG)	4,595	4,595	4,556
Other DfE / ESFA grants	383	383	347
	4,978	4,978	4,903
Other government grants			
Local authority grants	150	150	146
Special education projects	36	36	18
	186	186	164
Total grants	5,164	5,164	5,067

The income from funding for educational operations was £5,164,000 (2018: £5,067,000) of which £5,164,000 (2018: £5,067,000) was restricted.

4 Other trading activities

	Unrestricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Hire of facilities	46	46	46
Catering income	345	345	273
Other sales	61	61	25
	452	452	344

The income from other trading activities was £452,000 (2018: £344,000) of which £452,000 (2018: £344,000) was unrestricted.

5 Investment income

	Unrestricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Interest received - unrestricted short term	2	2	1

The income from funding for investment income was £2,000 (2018: £1,000) of which £2,000 (2018: £1,000) was unrestricted.

6 Expenditure **Non Pay Expenditure**

	Staff costs	Premises	Other costs	2018/19 Total	2017/18 Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Academy's educational operations					
Direct costs	3,024	-	215	3,239	3,118
Allocated support costs	1,864	884	657	3,405	3,308
	4,888	884	872	6,644	6,426

Net income/(expenditure) for the year includes:

	2018/19	2017/18
	£ 000	£ 000
Operating lease rentals	25	16
Depreciation	565	684
Fees payable to auditor - audit	9	8

7 Charitable activities

	2018/19	2017/18
	£ 000	£ 000
Direct costs - educational operations	3,239	3,118
Support costs - educational operations	3,405	3,308
	6,644	6,426

	Educational operations	2018/19 Total	2017/18 Total
	£ 000	£ 000	£ 000
Analysis of support costs			
Support staff costs	1,864	1,864	1,694
Depreciation	565	565	684
Technology costs	194	194	226
Premises costs	319	319	260
Other support costs	463	463	444
Total support costs	3,405	3,405	3,308

The expenditure on education operations was £6,644,000 (2018: £6,426,000) of which £351,000 (2018: £138,000) was unrestricted, £5,728,000 (2018: £5,604,000) was restricted and £565,000 (2018: £684,000) was restricted fixed assets.

8 Staff

Staff costs

	2018/19 £ 000	2017/18 £ 000
Staff costs during the year were:		
Wages and salaries	3,595	3,384
Social security costs	341	316
Operating costs of defined benefit pension schemes	881	701
	4,817	4,401
Supply staff costs	36	54
Staff restructuring costs	3	44
Staff development and other staff costs	32	82
	4,888	4,581

Non statutory/non-contractual staff severance payments
Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £3,000 (2018: £43,960). Individually, the payments were:

Non-statutory payments £3,000 made on 4 February 2019

Staff numbers

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

	2018/19 No	2017/18 No
Charitable Activities		
Teachers	57	57
Administration and support	85	84
	142	141

Higher paid staff

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

	2018/19 No	2017/18 No
£60,001 - £70,000	5	6
£70,001 - £80,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-

8 Staff (continued)

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £579,614 (2018: £465,000).

9 Related party transactions - trustees' remuneration and expenses

No trustees have been paid remuneration or have received other benefits from employment with the Academy Trust during the year.

10 Trustees' and officers' insurance

In accordance with normal practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or ommissions occuring whilst on Academy Trust business. The insurance provides cover up to £1,000,000 on any one claim. The cost was unable to be distinguished as the cost of this insurance is included in the total cost of insurance.

11 Tangible fixed assets

	Freehold land and buildings £ 000	Furniture and fixtures £ 000	Plant and equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost					
At 1 September 2018	22,082	185	1,763	-	24,030
Additions	-	3	26	15	44
Disposals	-	(81)	(144)	-	(225)
At 31 August 2019	22,082	107	1,645	15	23,849
Depreciation					
At 1 September 2018	1,914	121	1,626	-	3,661
Charge for the year	492	20	51	2	565
Eliminated on disposals	-	(81)	(144)	-	(225)
At 31 August 2019	2,406	60	1,533	2	4,001
Net book value					
At 31 August 2019	19,676	47	112	13	19,848
At 31 August 2018	20,168	64	137	-	20,369

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

12 Debtors

	2019 £ 000	2018 £ 000
Trade debtors	46	61
VAT recoverable	40	67
Other debtors	-	1
Prepayments and accrued income	240	178
	326	307

13 Creditors: amounts falling due within one year

	2019 £ 000	2018 £ 000
Trade creditors	160	132
Other taxation and social security	165	155
Other creditors	139	38
Accruals	46	12
Deferred income	69	65
	579	402

	2019 £ 000	2018 £ 000
Deferred income		
Deferred income at 1 September 2018	65	43
Resources deferred in the period	69	65
Amounts released from previous periods	(65)	(43)
Deferred income at 31 August 2019	69	65

At the balance sheet date the Academy Trust was holding funds in advance for rates funding and school trips.

14 Funds

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
Restricted general funds					
General Annual Grant	81	4,595	(4,821)	145	-
Other Dfe / ESFA grants	-	383	(383)	-	-
Other government grants	-	226	(226)	-	-
Other restricted funds	17	10	(22)	-	5
	98	5,214	(5,452)	145	5
Restricted fixed asset funds					
DfE / ESFA capital grants	20,369	40	(565)	44	19,888
Restricted endowment fund	203	-	-	(44)	159
	20,572	40	(565)	-	20,047
Restricted pension funds					
Pension reserve	(4,153)	-	(276)	(2,268)	(6,697)
Total restricted funds	16,517	5,254	(6,293)	(2,123)	13,355
Unrestricted funds					
Unrestricted general funds	591	454	(351)	(145)	549
Total funds	17,108	5,708	(6,644)	(2,268)	13,904

14 Funds (continued)

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

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant	407	4,535	(4,861)	-	81
Other Dfe / ESFA grants	-	347	(347)	-	-
Other government grants	-	225	(225)	-	-
Other restricted funds	10	7	-	-	17
	417	5,114	(5,433)	-	98
Restricted fixed asset funds					
DfE / ESFA capital grants	20,960	-	(684)	93	20,369
Restricted endowment fund	296	-	-	(93)	203
	21,256	-	(684)	-	20,572
Restricted pension funds					
Pension reserve	(4,925)	-	(171)	943	(4,153)
Total restricted funds	16,748	5,114	(6,288)	943	16,517
Unrestricted funds					
Unrestricted general funds	384	345	(138)	-	591
Total funds	17,132	5,459	(6,426)	943	17,108

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, ESFA and private sponsors to carry out works of a capital nature as part of the school improvement plan.

Other restricted 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.

15 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	19,848	19,848
Current assets	549	584	199	1,332
Current liabilities	-	(579)	-	(579)
Pension scheme liability	-	(6,697)	-	(6,697)
Total net assets	549	(6,692)	20,047	13,904

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	20,369	20,369
Current assets	591	500	203	1,294
Current liabilities	-	(402)	-	(402)
Pension scheme liability	-	(4,153)	-	(4,153)
Total net assets	591	(4,055)	20,572	17,108

16 Commitments under operating leases

Operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £ 000	2018 £ 000
Amounts due within one year	8	19
Amounts due between one and five years	17	26
	25	45

17 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2019 £ 000	2018 £ 000
Net expenditure for the reporting period (as per the statement of financial activities)	(936)	(967)
Depreciation	565	684
Capital grants from DfE and other capital income	(40)	-
Interest receivable	(2)	(1)
Defined benefit pension scheme cost less contributions payable	165	52
Defined benefit pension scheme finance (income)	(177)	(143)
Defined benefit pension scheme finance cost	288	262
(Increase)/decrease in debtors	(19)	63
Increase/(decrease) in creditors	177	(128)
Net cash provided by/(used in) Operating Activities	21	(178)

18 Cash flows from financing activities

	2019 £ 000	2018 £ 000
Net cash provided by/(used in) financing activities	-	-

19 Cash flows from investing activities

	2019 £ 000	2018 £ 000
Dividends, interest and rents from investments	2	1
Purchase of tangible fixed assets	(44)	(93)
Capital funding received from sponsors and others	40	-
Net cash used in investing activities	(2)	(92)

20 Analysis of cash and cash equivalents

	2019 £ 000	2018 £ 000
Cash at bank and in hand	1,006	987
Total cash and cash equivalents	1,006	987

21 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.

22 Pension 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 2016 and of the LGPS 31 March 2016.

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 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.

22 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from from September 2019 onwards (compared to 16.48% during 2018/19.) DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The employer's pension costs paid to TPS in the period amounted to £356,000 (2018: £317,000).

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

Local government pension scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £402,000 (2018 - £382,000), of which employer's contributions totalled £332,000 (2018 - £317,000) and employees' contributions totalled £70,000 (2018 - £65,000). The agreed contribution rates for future years are per cent for employers and per cent for employees.

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

22 Pension and similar obligations (continued)

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.50	3.60
Rate of increase for pensions in payment/inflation	2.10	2.20
Discount rate for scheme liabilities	1.80	2.80
Inflation assumptions (CPI)	2.00	2.10

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

	2019	2018
Retiring today		
Males retiring today	23.30	23.20
Females retiring today	25.90	25.80
Retiring in 20 years		
Males retiring in 20 years	25.60	25.50
Females retiring in 20 years	28.60	28.50

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

	2019 £ 000	2018 £ 000
Equities	3,360	2,995
Corporate bonds	1,252	1,077
Other bonds	424	388
Property	396	560
Cash and other liquid assets	320	363
Other	1,203	769
Total market value of assets	6,955	6,152

The actual return on scheme assets was £503,000 (2018 - £280,000).

22 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2018/19 £ 000	2017/18 £ 000
Current service cost	339	354
Net interest cost	111	119
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	151	9
Admin expenses	7	6
Total amount recognized in the SOFA	608	488

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

	2019 £ 000	2018 £ 000
At start of period	10,305	10,499
Current service cost	339	354
Interest cost	288	262
Employee contributions	70	65
Actuarial (gain)/loss	2,594	(806)
Losses or gains on curtailments	151	9
Benefits paid	(95)	(78)
At 31 August	13,652	10,305

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

	2019 £ 000	2018 £ 000
At start of period	6,152	5,574
Interest income	177	143
Actuarial gain/(loss)	326	137
Employer contributions	332	317
Employee contributions	70	65
Benefits paid	(95)	(78)
Effect of non-routine settlements	(7)	(6)
At 31 August	**6,955**	**6,152**

23 Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

23 Related party transactions (continued)

Expenditure related party transactions
During the year the academy made the following related party transactions:

Barrow Borough Council
(A Trustee holds a position as councillor at Barrow Borough Council)
During the year the Trust made purchases of £1,388 from Barrow Borough Council.
In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook 2018.
At the balance sheet date the amount due from Barrow Borough Council was £Nil (2018 - £Nil).

Cumbria County Council
(A Trustee holds a position as councillor at Cumbria County Council)
During the year the Trust made purchases of £7,302 from Cumbria County Council.
In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook 2018.
At the balance sheet date the amount due from Cumbria County Council was £2,344 (2018 - £Nil).

Income related party transactions
During the year the Academy made the following related party transactions:

Cumbria County Council
(A Trustee holds a position as councillor at Cumbria County Council)
During the year the Trust made sales of £2,633 to Cumbria County Council. At the year end the balance included within debtors was £Nil (2018: £Nil). .

Parkside GGI Academy
(A Governor of the Trust is also a Governor at Parkside GGI Academy)
During the year the Trust made sales of £18,809 to Parkisde GGl. At the year end the balance included within debtors was £16,209 (2018: £Nil)..

24 Events after the end of the reporting period

On the 1st September 2019, Inspired Learning Trust became part of Furness Education Trust. Inspired Learning Trust was made up of Yarside Academy, Parkiside Academy and Victoria Academy. An estimate of the financial effect of this event cannot be made at this time.

Independent Reporting Accountant's Report on Regularity to Furness Education Trust and the Education & Skills Funding Agency

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 20 October 2017 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2018 to 2019, to obtain limited assurance about whether the expenditure disbursed and income received by Furness Education Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2018 to 2019 Part 9: Regularity Reporting. We are independent of Furness Education Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Furness Education Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Furness Education Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2018 to 31 August 2019 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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 the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2018 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2018 to 2019.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to Furness Education Trust and the ESFA in accordance with the terms of our engagement letter dated 20 October 2017. Our work has been undertaken so that we might state to the Furness Education 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 Furness Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

Karen Musgrave
For and on behalf of RSM UK Audit LLP, Chartered Accountants

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Date: 19/12/19