

Registrar's Copy

Company Registration Number: 08830753 (England & Wales)

THE GATEWAY PRIMARY ACADEMY

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

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THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|---|---|
| Members | G Hennessy G Oakes M Leveson |
| Member Trustee Member Trustees | G Oakes, Chair of Trustees C Warner, Staff Trustee G Hennessy, Chair of Trustees (resigned 23 May 2019) ¹ H Johnson, Trustee (resigned 11 October 2018) S Nefzaoui, Trustee ¹ J Cassem, Headteacher and Trustee (appointed 1 January 2019) ¹ H Overton, Headteacher and Trustee (resigned 31 December 2018) ¹ R Leachman, Trustee M Leveson, Trustee R Rafter, Trustee (appointed 28 March 2019) |
| | ¹ Member of the Finance and Audit Committee |
| Company registered number | 08830753 |
| Company name | The Gateway Primary Academy |
| Headteacher and registered office | Milestone Road Dartford Kent DA2 6DW |
| Company secretary | D Lewis |
| Chair of Governors | G Oakes |
| Senior management team | Mrs Heather Overton, Headteacher (retired 31 December 2018) Mr Jamiel Cassem, Headteacher (appointed 1 January 2019) Miss C Warner, Deputy Headteacher |
| Independent auditors | MWS Chartered Accountants Kingsridge House 601 London Road Westcliff-on-Sea Essex SS0 9PE |
| Bankers | Lloyds Bank 4-6 High Street Dartford Kent DA1 1BY |
| Solicitors | Anthony Collins 134 Edmund Street Birmingham B3 2ES |

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

Structure, governance and management

a. Constitution

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

The charitable company's Memorandum of Association and Articles of Association are the primary governing documents of the academy.

The Trustees of The Gateway Primary Academy are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The Gateway Primary Academy

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

b. Members' liability

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

c. Trustees' indemnities

The Academy, through its Articles, has indemnified its Governors to the fullest extent permissible by law. The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000.

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

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The Board of Governors makes all arrangements for the appointment of trustees as specified by the Academy Memorandum of Association. The appointment of new governors includes the completion of a skills audit and an 'interview' or meeting with existing governors to discuss expectations before any new appointment is confirmed.

Governors/Trustees are appointed or elected as follows:

- Members may appoint up to 5 governors
- Staff governors (up to one third of the board including the headteacher) are appointed through staff nomination. An election is held if there are more nominations than vacancies
- Parent governors (maximum of 3) are elected by parents of pupils at the Academy. A parent governor must be a parent of a pupil at the Academy at the time he/she is elected. Any election of Parent Governors which is contested, is held by secret ballot. All parents have the opportunity to vote in the event of a ballot.
- Parent Governors can be appointed by the Board of Governors if the number of parents standing for election is less than the number of vacancies.
- The Board of Governors may appoint co-opted governors. Governors may not co-opt an employee of the Academy Trust if the appointment results in more than one third of the board being employees of the Academy.

The term of office for any governor is 4 years. Subject to remaining eligible to be a particular type of governor, any governor may be re-appointed or re-elected.

e. Policies adopted for the induction and training of Trustees

The Chair of Governors is responsible for the induction of new governors including providing information on the trustee's role and the provision of key documents such as minutes of previous meetings, code of conduct, terms of reference for any sub-committees and calendar dates. All governors have access to on-going training and development throughout their term in office.

f. Organisational structure

The Governing Body is responsible for the strategic management of the school: deciding and setting key aspects such as the strategic direction, setting annual budgets, senior staff appointment, policy development and changes and ensuring compliance with legal requirements.

The Headteacher is the Accounting Officer and is supported by the senior leadership team. The Governing Body has delegated the day to day running of the academy to the Headteacher and while it has retained responsibility for certain aspects of governance, some responsibility has been delegated to committees of which the Finance and Audit committee is the main one. Additional sub-committees are convened as and when required.

g. Arrangements for setting pay and remuneration of key management personnel

The pay of senior leaders (key management personnel) is reviewed annually by the governor's pay committee following the performance review of staff. Two appointed governors are elected to review the performance of the Headteacher in collaboration with an external leadership advisor and using the National Headteacher Standards as a framework for assessment.

h. Related parties and other connected charities and organisations

The academy is a subscribed member of the Dartford Area Schools Consortium, a charitable incorporated organisation. It supports and actively contributes to the aims and objectives of this organisation through the work of staff who undertake responsibility for some leadership networks.

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

Objectives and activities

a. Objects and aims

As per the Academy's Articles the object of the academy is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

b. Objectives, strategies and activities

The Academy's main strategy is contained in its mission statement and aims:

We aim for our pupils to achieve their full potential physically, socially and academically and to be prepared for a successful future in a multicultural society, the main aims are:

- To ensure all pupils can achieve their full potential through a love of learning
- To promote a community ethos which supports self-worth, value and respect for others
- To nurture an attitude of self-belief and confidence as individuals
- To develop an understanding that positive risk-taking and self-evaluation is an essential stepping-stone in successful learning
- To provide a welcoming environment that is safe, secure, happy and stimulating
- To work together to meet the needs of each individual through inclusive practices
- To maximise learning opportunities through partnership with parents and the wider community
- To extend awareness of individual's rights and responsibilities as members of a multi-cultural society and global community

In the year ending 31st August 2019 the main objectives for the academy were:

- To embed effective classroom practice in the teaching of writing to achieve outstanding outcomes for all groups of pupils (focus on SEN and more able)
- To improve the teaching of Times Tables in preparation for the introduction of the national screening for Year 4 pupils
- To strengthen the teaching, learning and assessment of science
- To Continue to develop and enhance the curriculum through STEM learning
- To develop the skills of new Middle Leaders
- To further refine and strengthen assessment of Foundation Subjects
- To achieve Artsmark
- To strengthen the teaching and Learning of PSHE and Citizenship
- To develop children's understanding of what it means to be a global citizen
- To ensure pupils are regularly involved in providing feedback (Pupil Voice)

c. Public benefit

The Governors have taken the Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this Governors' annual report.

In accordance with its charitable objectives, the Charitable Company strives to advance the education of the pupils attending the school. The Charitable Company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the school.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the school's objective and aims in planning future activities for the period. The trustees consider that the school's aims are demonstrably to the public benefit.

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

Strategic report

Achievements and performance

a. Key performance indicators

The school received a short section 8 inspection in January 2017 and was judged as continuing to provide a good education for its pupils.

Children's achievement is measured by outcomes in Statutory Assessment Tests and the progress pupils have made from their starting point at the end of KS1. Outcomes for pupils in 2019 were outstanding.

The academy has sustained the high achievement of the last 3 years and continues to achieve highly in all key performance indicators.

Attainment and Progress for pupils at Key Stage 2 (Year 6)

Percentage of pupils achieving the expected standard compared to all pupils nationally

| | Reading | Grammar, Punctuation, and Spelling | Maths | Writing | R+W+M combined |
|-----------------|---------|------------------------------------|-------|---------|----------------|
| School | 90 | 100 | 100 | 97 | 90 |
| National | 73 | 78 | 79 | 78 | 65 |

Percentage of pupils exceeding the expected standard compared to all pupils nationally

| | Reading | Grammar, Punctuation, and Spelling | Maths | Writing | R+W+M Combined |
|-----------------|---------|------------------------------------|-------|---------|----------------|
| School | 58 | 71 | 61 | 48 | 42 |
| National | 27 | 36 | 27 | 20 | 11 |

Average scaled scores

| | Reading | Grammar, Punctuation, and Spelling | Maths |
|-----------------|---------|------------------------------------|-------|
| School | 110 | 114 | 109 |
| National | 105 | 106 | 104 |

Progress Scores

| Reading | Writing | Maths |
|---------|---------|-------|
| 3.5 | 2.8 | 3.3 |
| | | |

Attainment in KS2 was well above the national average in 2019 in all subjects. At the higher scaled scores/ greater depth standard pupils significantly exceeded the national average in all subjects. All disadvantaged pupils achieved expected standards and made good progress in reading, GPS and maths. All but 1 disadvantaged pupil achieved the expected standard in writing.

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

Strategic report (continued)

Achievements and performance (continued)

Attainment at Key Stage 1 (Year 2)

| | Reading | | Writing | | Maths | |
|--------------------------------------|----------------|-----------------|----------------|-----------------|---------------|-----------------|
| | School | National | School | National | School | National |
| % Achieving Expected Standard | 86 | 75 | 83 | 69 | 90 | 76 |
| % Achieving Greater Depth | 34 | 25 | 24 | 15 | 28 | 22 |

| Year 1 Phonics | School | National |
|---|---------------|-----------------|
| % of pupils meeting the required standards in the phonics screening | 87 | 82 |

In 2019, achievement at the expected standard at Key Stage one exceeded the national average in all subjects at the higher greater depth standard, pupils exceeded the national average in reading, writing and maths. Attainment in writing was a particular strength. Disadvantaged pupils achieved as well as all pupils nationally.

Key Financial Performance Indicators

| THE GATEWAY PRIMARY ACADEMY | Year 3 Sept 2018 - Aug 2019 | Year 2 Sept 2017 - Aug 2018 | Year 1 Sept 2016 - Aug 2017 |
|--|--|--|--|
| Number on Roll | 211 | 210 | 210 |
| Age Range | 4 yrs - 11 yrs | 4 yrs - 11 yrs | 4 yrs - 11 yrs |
| Average class size | 30 | 30 | 30 |
| Total Teacher Cost | 488,378 | 497,118 | 442,166 |
| Total Support Costs (Class Based) | 181,511 | 186,746 | 171,991 |
| Total Support Costs (Non Class Based) | 79,920 | 71,780 | 69,373 |
| FTE Teachers | 9 | 9 | 9 |
| FTE Support Staff | 13 | 13 | 12 |
| Pupils / Teacher ratio | 23.44 | 23.44 | 23.3 |
| Teacher Staff Costs against total budget | 49.14% | 53.60% | 46.36% |
| Support Staff Costs against total budget | 26.30% | 27.87% | 25.31% |
| Total Pupil Premium funding | 19,250 | 21,340 | 27,060 |
| Total Salaries against GAG budget | 93.61% | 96.46% | 84.95% |
| Total Salaries against Total Budget | 75.44% | 81.47% | 71.66% |
| Total reserves Year End | 126,881 | 124,715 | 162,282 |

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

Strategic report (continued)

Achievements and performance (continued)

SUMMARY NOTES:

Average Teacher cost over 3 years £52,876.00

Average Class based support staff over 3 years £13,853.00

The percentage of expenditure on salaries remains broadly average compared to similar schools

Funding for disadvantaged pupils has reduced over 3 years

School reserves shows a decreased rollover figure compared to previous years but is still a significant figure to meet demands of budget restrictions in future years

b. Going concern

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

Financial review

a. Reserves policy

At 31st August 2019, the Academy had free reserves of £98,537, restricted reserves of £28,344 restricted fixed asset funds of £1,668,792 and pension deficit of £417,000.

The Governing Body maintains a prudent level of reserves in line with their policy to spend funding received on the pupils in the Academy at that time, except where a specific project required funding to be built up over several years.

The Academy is currently making payment towards the pension deficit, which has been guaranteed by the Department for Education.

b. Investment policy

The Governors' investment powers are set down in the charitable company's Memorandum and Articles of Association, which permit the investment of monies of the charitable company that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The charitable company's current policy is to invest surplus fund in short-term cash deposits.

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

Strategic report (continued)

Financial review (continued)

c. Principal risks and uncertainties

The Board of Governors 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. This information is held in a risk register, regularly reviewed by the Board of Governors. The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's risks that has been in place for the period 1st September 2018 to 31st August 2019 and up to the date of approval of the annual report and financial statements.

The Governors have appointed Mrs Denise Bunn as its Responsible Officer (RO). The RO's role includes performing a range of checks on the Academy Trust's financial systems and procedures and reporting to the Board of Governors 3 times a year.

The Board of Governors considers the following to be the major risks to which the academy is exposed:

- A reduction in funding following government policy
- A drop in pupil numbers
- Failure to comply with health and safety, employment law and disability legislation
- Capacity of buildings in the event of a crisis (eg fire, flood)
- Deficit local government pension scheme
- Percentage increase in minimum wage and teachers pay
- A cyber attack on the curriculum and Office server / Hosted server

Financial risk management objectives and policies

The Governing Body 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. This information is held in a risk register, regularly reviewed by the Governing Body. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's risks that has been in place for the year ending 31st August 2019 and up to the date of the approval of the annual report and financial statements.

Fundraising

The main fundraising activities for the academy are planned and delivered by the Gateway Parents and Friends Association. All parents of the school are automatically member of this association when their child is enrolled at the school. The association is a registered charity (Charity number 1103263) and is required to operate under an agreed constitution with an operating committee elected annually by parents.

The operating committee consists of a chair, vice-chair, treasurer and other elected members. It includes the Headteacher as an ex officio member to oversee and monitor the work of the association to ensure it operates within the academy's best interests, complies with recognised financial controls and charitable law. The committee is responsible for maintaining a register of business interest, managing risks and resources to achieve the charitable purpose set out in the constitution. Accounts are audited annually and published through an Annual General Meeting.

All communication for fund raising activities are authorised through the school procedures to ensure parents are protected from unreasonably intrusive or persistent fund raising approached and undue pressure to contribute. The Association do not hold any personal data.

The academy also supports some national fundraising events each year to develop pupil awareness of the work of national charities. Participation in these fundraising events is voluntary with no undue pressure to donate.

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

Plans for future periods

Future developments- School Improvement priorities for the coming year include:

- To embed effective classroom practice in the teaching of writing to achieve outstanding outcomes for all pupils including those with SEND and more able pupils.
- To improve the teaching and learning of times tables in preparation for the national screening of Year 4 pupils
- To continue to strengthen the teaching and assessment of science
- To continue to develop and enhance the curriculum through STEM learning
- To strengthen the teaching and learning of PSHE and citizenship
- To achieve Artsmark

Funds held as custodian on behalf of others

Although the charitable company maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors, and other funders. The Gateway Primary Academy does not hold, and the Governors do not anticipate that it will in future hold, any funds as custodian for any third party.

Governance Review

No formal external review has taken place this year on the effectiveness and impact of the trustees however governors have undertaken an evaluation and review of it's effectiveness to inform the strategic development of the Board of Governors .

Disclosure of information to auditors

Insofar as the Trustees are aware:


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

Auditors

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 5 December 2019 and signed on its behalf by:


.....
G Oakes
(Chair of Trustees)


.....
J Cassem
(Accounting Officer)

THE GATEWAY PRIMARY ACADEMY

(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Gateway Primary Academy 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 Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Gateway Primary Academy and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 6 times during the year.

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

| Trustee | Meetings attended | Out of a possible |
|------------------------------------|-------------------|-------------------|
| G Oakes, Chair of Trustees | 6 | 6 |
| C Warner, Staff Trustee | 6 | 6 |
| G Hennessy, Chair of Trustees | 6 | 6 |
| H Johnson, Trustee | 1 | 1 |
| S Nefzaoui, Trustee | 6 | 6 |
| J Cassem, Headteacher and Trustee | 6 | 6 |
| H Overton, Headteacher and Trustee | 2 | 2 |
| R Leachman, Trustee | 5 | 6 |
| M Leveson, Trustee | 6 | 6 |
| R Rafter, Trustee | 3 | 3 |

No formal external review has taken place this year on the effectiveness and impact of the trustees however governors have undertaken an evaluation and review of it's effectiveness to inform the strategic development of the Board of Governors .

The Finance and Audit Committee is a sub-committee of the main board of Trustees. Its purpose is to manage the finances of the Academy. The Academy's Finance Officer is an associate member of the committee and has attended all 3 meetings during the year.

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|------------|-------------------|-------------------|
| J Cassem | 5 | 5 |
| G Hennessy | 5 | 5 |
| S Nefzaoui | 5 | 5 |
| H Overton | 2 | 2 |

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As accounting officer, the Principal has responsibility for ensuring that the academy 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's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy has delivered improved value for money during the year by:

Improving Educational Results

We have ensured that resources are directed where they are most needed and have been effective in achieving high standards in educational performance in 2019.

- Educational provision in the Early Years Foundation Stage ensured pupils made good progress with attainment above the national average.
- The effective teaching of phonics in Reception and Year 1 resulted in attainment above the national average in the Year 1 Phonics screening check
- At KS1 pupil outcomes were above average in all subjects.
- At KS2 pupil outcomes were well above the national average in all subjects .
- At KS2 the proportion of pupils attaining the higher level greater depth standard was significantly above the national average in reading, GPS , writing and maths.
- Pupils made strong progress in KS2 in all subjects.
- Using pupil premium funding to provide additional support for vulnerable pupils has ensured the vast majority of these pupils have achieved well at KS1 and KS2. Disadvantaged pupils achieved as well as pupils nationally at both KS1 and KS2.
- Using Sports funding to support CPD has improved the quality of teaching in PE across the school. Funding has enabled resources for sport to be improved, pupils to access a wider range of sports and for the academy to enjoy significant success in local and county competitions.

Financial Governance and Oversight

Our governance arrangements include regular monitoring by the Board of Governors through the work of the Finance and Audit Committee.

- An accountant (MWS accountants) is employed to support the Academy
- A Responsible Officer is appointed to complete compliance audits and reports 3 times a year.
- Outcomes of Responsible Officer audits are presented to the full Board of Governors.
- Termly financial monitoring reports are presented to the Finance and Audit committee and subsequently reported to the full board of governors.
- Major expenditure on all resources is monitored and reviewed by the Finance and Audit committee
- Our Finance Policy is reviewed on an annual basis.

Better purchasing

Examples of steps taken to ensure value for money include:

- Exploring alternative purchasing options both on-line and directly through suppliers to find the best value.
- Implementing a tender process for significant purchases (above £10,000) and contracts e.g. grounds maintenance.
- Procedures are in place for accepting "best value" quotes, which are not necessarily the cheapest (e.g. based on suitability for purpose and quality of workmanship)
- Contracts are reviewed annually or on renewal to ensure they remain fit for purpose and continue to provide best value.
- The Finance Officer and School Administrator are proactive in driving down costs through better procurement and negotiation e.g. school trips, ICT resources and property management.
- Where available, governors review benchmarking data comparing The Gateway to similar academies and schools.

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

Income generation

As a 1FE primary academy, we do not have extensive facilities for hire. However we do, on occasion, hire facilities for use by the local authority SEND services for training purposes and consultation group meetings and by the Dartford Area Schools Consortium for training purposes.

Controls and Risk

The Finance and Audit committee and the senior leadership team have reviewed regular budget reports to ensure spending is within budget. Any significant variances to the original budget are discussed and agreed by the Finance and Audit committee. Major variances require approval by the board of governors.

Actions taken to manage risk include:

- The development of a risk register which is reviewed annually by governors
- The purchase of an appropriate level of insurance cover.

Future Objectives:

We recognize the importance of continuing to develop relationships with other academies and local partnerships in order to benefit from economies of scale in procuring products and services and in developing staff knowledge and expertise.

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 policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Gateway Primary Academy for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint D Bunn as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

On a semi-annual basis, the internal auditor reports to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The Academy Trust can confirm the internal auditor (RO) has completed their schedule of work as planned.

Review of effectiveness

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

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

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

Approved by order of the members of the board of Trustees on 5 December 2019 and signed on their behalf by:

.....
G Oakes
Chair of Trustees

.....
J Cassem
Accounting Officer

THE GATEWAY PRIMARY ACADEMY
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Gateway Primary Academy I have considered my responsibility to notify the academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, 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 2018.

I confirm that I and the academy board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2018.

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


.....
J Cassem
Accounting Officer
Date: 5 December 2019

THE GATEWAY PRIMARY ACADEMY

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

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

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

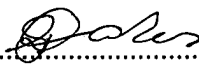
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of Trustees on 5 December 2019 and signed on its behalf by:


.....
G Oakes
(Chair of Trustees)

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
GATEWAY PRIMARY ACADEMY**

Opinion

We have audited the financial statements of The Gateway Primary Academy (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

THE GATEWAY PRIMARY ACADEMY

(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
GATEWAY PRIMARY ACADEMY (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
GATEWAY PRIMARY ACADEMY (CONTINUED)**

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Fiona Read FCA (Senior statutory auditor) (Senior statutory auditor)

for and on behalf of

MWS

Chartered Accountants

Statutory Auditor

Kingsridge House

601 London Road

Westcliff-on-Sea

Essex

SS0 9PE

10 December 2019

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
GATEWAY PRIMARY ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY**

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

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

Respective responsibilities of The Gateway Primary Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Gateway Primary Academy's funding agreement with the Secretary of State for Education dated 31 January 2014 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Assessing the risk of material irregularity in the Academy Trust
- Commissioning a self-assessment review of the Trustees' governance arrangements and consideration of any material non-compliance with the Academies Financial Handbook
- Investigating any areas of significant risk identified
- Consideration of the work performed under our audit engagement and any impact this may have on our regularity conclusion or regularity risk assessment
- A review of the internal controls and internal audit procedures for areas of significant risk and performing further substantive testing where necessary.

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

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

Conclusion

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

Reporting Accountant

MWS 

Kingsridge House
601 London Road
Westcliff-on-Sea
Essex
SS0 9PE

Date: 10 December 2019

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

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

| | Note | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 3 | 29,599 | - | 20,180 | 49,778 | 35,556 |
| Charitable activities | | - | 904,237 | - | 904,237 | 876,524 |
| Other trading activities | | 39,858 | - | - | 39,858 | 27,479 |
| Investments | 6 | 99 | - | - | 99 | 108 |
| Total income | | 69,556 | 904,237 | 20,180 | 993,973 | 939,667 |
| Expenditure on: | | | | | | |
| Charitable activities | 8 | 74,584 | 938,042 | 66,470 | 1,079,096 | 1,072,529 |
| Other expenditure | 9 | - | - | - | - | 1,704 |
| Total expenditure | | 74,584 | 938,042 | 66,470 | 1,079,096 | 1,074,233 |
| Net movement in funds before other recognised gains/(losses) | | (5,028) | (33,805) | (46,290) | (85,123) | (134,566) |
| Other recognised gains/(losses): | | | | | | |
| Actuarial losses on defined benefit pension schemes | 25 | - | (79,000) | - | (79,000) | 79,000 |
| Net movement in funds | | (5,028) | (112,805) | (46,290) | (164,123) | (55,566) |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 103,564 | (275,851) | 1,715,082 | 1,542,796 | 1,598,362 |
| Net movement in funds | | (5,028) | (112,805) | (46,290) | (164,123) | (55,566) |
| Total funds carried forward | | 98,536 | (388,656) | 1,668,792 | 1,378,672 | 1,542,796 |

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 25 to 48 form part of these financial statements.

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08830753

BALANCE SHEET
AS AT 31 AUGUST 2019


| | Note | 2019 £ | 2018 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 15 | 1,652,104 | 1,715,082 |
| | | <u>1,652,104</u> | <u>1,715,082</u> |
| Current assets | | | |
| Stocks | 16 | 1,997 | 1,997 |
| Debtors | 17 | 9,564 | 7,843 |
| Cash at bank and in hand | | 182,119 | 162,582 |
| | | <u>193,680</u> | <u>172,422</u> |
| Creditors: amounts falling due within one year | 18 | (50,111) | (47,709) |
| Net current assets | | <u>143,569</u> | <u>124,713</u> |
| Total assets less current liabilities | | <u>1,795,673</u> | <u>1,839,795</u> |
| Net assets excluding pension liability | | <u>1,795,673</u> | <u>1,839,795</u> |
| Defined benefit pension scheme liability | 25 | (417,000) | (297,000) |
| Total net assets | | <u><u>1,378,673</u></u> | <u><u>1,542,795</u></u> |
| Funds of the academy | | | |
| Restricted funds: | | | |
| Fixed asset funds | 20 | 1,668,792 | 1,715,082 |
| Restricted income funds | 20 | 28,344 | 21,149 |
| | | <u>1,697,136</u> | <u>1,736,231</u> |
| Restricted funds excluding pension asset | 20 | 1,697,136 | 1,736,231 |
| Pension reserve | 20 | (417,000) | (297,000) |
| Total restricted funds | 20 | <u>1,280,136</u> | <u>1,439,231</u> |
| Unrestricted income funds | 20 | 98,537 | 103,564 |
| Total funds | | <u><u>1,378,673</u></u> | <u><u>1,542,795</u></u> |


The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 21 to 48 were approved by the Trustees, and authorised for issue on 05 December 2019 and are signed on their behalf, by:

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

.....
G Oakes
(Chair of Trustees)
Date: 5 December 2019

.....
J Cassem
(Accounting Officer)

The notes on pages 25 to 48 form part of these financial statements.

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

| | Note | 2019 £ | 2018 £ |
|---|------|----------------|----------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 22 | 2,750 | (20,093) |
| Cash flows from investing activities | 23 | 16,787 | (11,888) |
| Change in cash and cash equivalents in the year | | 19,537 | (31,981) |
| Cash and cash equivalents at the beginning of the year | | 162,582 | 194,563 |
| Cash and cash equivalents at the end of the year | 24 | <u>182,119</u> | <u>162,582</u> |

The notes on pages 25 to 48 form part of these financial statements

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Gateway Primary Academy meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Taxation

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

Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.6 Tangible fixed assets

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

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

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

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

| | |
|------------------------------|--------------------------|
| Long-term leasehold property | - 50 years straight line |
| Computer equipment | - 3 years straight line |
| Furniture and fixtures | - 25% reducing balance |

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

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.12 Operating leases

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

1.13 Pensions

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

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

1.14 Fund accounting

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

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

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

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

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The academy trust 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 25, 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.

Critical areas of judgment:

The only critical area of judgement other than the LGPS pension scheme liability is that of depreciation; rates of which are chosen where considered reasonable for the types of asset in question.

3. Income from donations and capital grants

| | Unrestricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|-------------------|------------------------------------|---|-----------------------------|-----------------------------|
| Donations | 29,599 | 4,118 | 33,717 | 29,182 |
| Government grants | - | 16,062 | 16,062 | 6,374 |
| Total 2019 | 29,599 | 20,180 | 49,779 | 35,556 |
| <i>Total 2018</i> | <i>23,357</i> | <i>12,199</i> | <i>35,556</i> | |

THE GATEWAY PRIMARY ACADEMY
(A company limited by guarantee)

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4. Funding for the academy's educational operations

| | Restricted funds 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|--------------------------------|--|---------------------------------------|---------------------------------------|
| DfE/ESFA grants | | | |
| General Annual Grant (GAG) | 800,996 | 800,996 | 783,365 |
| Other DfE/ESFA grants | 81,626 | 81,626 | 73,794 |
| | <hr/> 882,622 | <hr/> 882,622 | <hr/> 857,159 |
| Other government grants | | | |
| Local authority grants | 21,615 | 21,615 | 19,365 |
| | <hr/> 904,237 | <hr/> 904,237 | <hr/> 876,524 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

5. Income from other trading activities

| | Unrestricted funds 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|-------------------|--|---------------------------------------|---------------------------------------|
| Lettings | 766 | 766 | - |
| Catering income | 19,418 | 19,418 | 12,816 |
| Services provided | 15,119 | 15,119 | 11,536 |
| School sales | 4,555 | 4,555 | 3,127 |
| | <hr/> 39,858 | <hr/> 39,858 | <hr/> 27,479 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

6. Investment income

| | Unrestricted funds 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|------------------------|--|---------------------------------------|---------------------------------------|
| Bank Interest received | 99 | 99 | 108 |
| | <hr/> 99 | <hr/> 99 | <hr/> 108 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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7. Expenditure

| | Staff Costs 2019 £ | Premises 2019 £ | Other 2019 £ | Total 2019 £ | Total 2018 £ |
|-------------------------|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Educational Operations: | | | | | |
| Direct costs | 627,366 | - | 85,912 | 713,278 | 714,490 |
| Allocated support costs | 122,442 | 118,314 | 125,062 | 365,818 | 358,039 |
| Other expenditure | - | - | - | - | 1,704 |
| | <u>749,808</u> | <u>118,314</u> | <u>210,974</u> | <u>1,079,096</u> | <u>1,074,233</u> |
| <i>Total 2018</i> | <u>755,644</u> | <u>136,682</u> | <u>181,907</u> | <u>1,074,233</u> | |

8. Analysis of expenditure on charitable activities

Summary by fund type

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|------------------------|--|--|---------------------------------------|---------------------------------------|
| Educational Operations | 74,584 | 1,004,512 | 1,079,096 | 1,072,530 |
| <i>Total 2018</i> | <u>56,484</u> | <u>1,016,046</u> | <u>1,072,530</u> | |

9. Other expenditure

| | Restricted funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|-------------------|--|---------------------------------------|---------------------------------------|
| DASCo Expenditure | - | - | 1,704 |

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10. Analysis of expenditure by activities

| | Activities undertaken directly 2019 £ | Support costs 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|------------------------|--|---|---------------------------------------|---------------------------------------|
| Educational Operations | 713,278 | 365,818 | 1,079,096 | 1,072,529 |
| <i>Total 2018</i> | <u>714,490</u> | <u>358,039</u> | <u>1,072,529</u> | |

Analysis of direct costs

| | Educational Operations 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|-------------------------|--|---------------------------------------|---------------------------------------|
| Staff costs | 627,366 | 627,366 | 634,054 |
| Educational Supplies | 53,591 | 53,591 | 43,104 |
| Staff development | 4,946 | 4,946 | 7,569 |
| Educational consultancy | 3,993 | 3,993 | 3,264 |
| Other direct costs | 18,715 | 18,715 | 17,679 |
| Technology costs | 3,389 | 3,389 | 4,771 |
| Indirect staff costs | 1,278 | 1,278 | 4,049 |
| | <u>713,278</u> | <u>713,278</u> | <u>714,490</u> |

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10. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Educational Operations 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|-----------------------------|--|---------------------------------------|---------------------------------------|
| Pension income | 8,000 | 8,000 | 8,000 |
| Staff costs | 122,442 | 122,442 | 121,590 |
| Depreciation | 66,470 | 66,470 | 79,193 |
| Maintenance of premises | 17,593 | 17,593 | 18,356 |
| Cleaning | 12,646 | 12,646 | 13,612 |
| Rent and rates | 8,322 | 8,322 | 8,839 |
| Energy costs | 13,283 | 13,283 | 11,884 |
| Insurance | 4,849 | 4,849 | 4,798 |
| Security and transport | 520 | 520 | 439 |
| Catering | 55,869 | 55,869 | 38,805 |
| Legal and professional fees | 34,135 | 34,135 | 31,457 |
| Other support costs | 21,689 | 21,689 | 21,066 |
| | <u>365,818</u> | <u>365,818</u> | <u>358,039</u> |

During the year ended 31 August 2019, the academy incurred the following Governance costs: £8,500 (2018: £7,650) included within the table above in respect of Educational Operations.

11. Net expenditure

Net expenditure for the year includes:

| | 2019 £ | <i>2018 £</i> |
|---------------------------------------|---------------------|-------------------|
| Operating lease rentals | 1,491 | 1,473 |
| Depreciation of tangible fixed assets | 66,470 | 79,193 |
| Fees paid to auditors for: | | |
| - audit | <u>8,500</u> | <u>7,650</u> |

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12. Staff costs

a. Staff costs

Staff costs during the year were as follows:

| | 2019 £ | 2018 £ |
|-----------------------|-----------------------|-----------------------|
| Wages and salaries | 579,539 | 571,229 |
| Social security costs | 45,786 | 45,221 |
| Pension costs | 119,556 | 125,565 |
| | <u>744,881</u> | <u>742,015</u> |
| Agency staff costs | 4,927 | 13,629 |
| | <u><u>749,808</u></u> | <u><u>755,644</u></u> |

Staff restructuring costs comprise:

b. Staff numbers

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

| | 2019 No. | 2018 No. |
|----------------------------|-------------|-------------|
| Management | 2 | 2 |
| Teachers | 12 | 11 |
| Support and administration | 23 | 23 |
| | <u>37</u> | <u>36</u> |

c. Higher paid staff

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

| | 2019 No. | 2018 No. |
|-------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | <u>-</u> | <u>1</u> |

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £144,260 (2018: £147,147)

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13. Trustees' remuneration and expenses

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

| | | 2019 £ | 2018 £ |
|--|----------------------------|-----------------|-----------------|
| H Overton, Headteacher and Trustee (resigned 31 December 2018) | Remuneration | 25,000 - 30,000 | 65,000 - 70,000 |
| | Pension contributions paid | 0 - 5,000 | 10,000 - 15,000 |
| J Cassem, Headteacher and Trustee | Remuneration | 50,000 - 55,000 | 50,000 - 55,000 |
| | Pension contributions paid | 5,000 - 10,000 | 5,000 - 10,000 |
| C Warner | Remuneration | 40,000 - 45,000 | 35,000 - 40,000 |
| | Pension contributions paid | 5,000 - 10,000 | 5,000 - 10,000 |

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

14. Trustees' and Officers' insurance

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

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15. Tangible fixed assets

| | Long-term leasehold property £ | Furniture and fixtures £ | Computer equipment £ | Total £ |
|--------------------------|---|--------------------------------|----------------------------|------------------|
| Cost or valuation | | | | |
| At 1 September 2018 | 1,719,762 | 434,545 | 59,198 | 2,213,505 |
| Additions | - | - | 3,492 | 3,492 |
| At 31 August 2019 | <u>1,719,762</u> | <u>434,545</u> | <u>62,690</u> | <u>2,216,997</u> |
| Depreciation | | | | |
| At 1 September 2018 | 139,576 | 303,090 | 55,758 | 498,424 |
| Charge for the year | 30,975 | 32,864 | 2,630 | 66,469 |
| At 31 August 2019 | <u>170,551</u> | <u>335,954</u> | <u>58,388</u> | <u>564,893</u> |
| Net book value | | | | |
| At 31 August 2019 | <u>1,549,211</u> | <u>98,591</u> | <u>4,302</u> | <u>1,652,104</u> |
| At 31 August 2018 | <u>1,580,187</u> | <u>131,455</u> | <u>3,440</u> | <u>1,715,082</u> |

16. Stocks

| | 2019 £ | 2018 £ |
|----------|--------------|--------------|
| Uniforms | <u>1,997</u> | <u>1,997</u> |

17. Debtors

| | 2019 £ | 2018 £ |
|--------------------------------|--------------|--------------|
| Due within one year | | |
| VAT repayable | 6,484 | 4,543 |
| Prepayments and accrued income | 3,080 | 3,300 |
| | <u>9,564</u> | <u>7,843</u> |

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18. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Trade creditors | 2,944 | 447 |
| Other taxation and social security | 10,508 | 11,490 |
| Other creditors | 9,932 | 10,914 |
| Accruals and deferred income | 26,727 | 24,858 |
| | <u>50,111</u> | <u>47,709</u> |
| | | |
| | 2019 £ | 2018 £ |
| Deferred income at 1 September 2018 | 17,207 | 16,060 |
| Resources deferred during the year | 18,227 | 17,207 |
| Amounts released from previous periods | (17,207) | (16,060) |
| | <u>18,227</u> | <u>17,207</u> |

Included within deferred income are grants of £18,227 (2018: £17,207) for universal free school meals for which entitlement has yet to be achieved.

19. Trustees between funds

Funds have been transferred in respect of the following:

£24,000 has been transferred from the restricted fund for General Annual Grant (GAG) to the pensions reserve representing employers pension contributions.

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20. Statement of funds

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2019 £ |
|--|--|----------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 103,564 | 69,557 | (74,584) | - | - | 98,537 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 17,849 | 800,996 | (769,581) | (24,000) | - | 25,264 |
| Pupil Premium | 3,300 | 19,250 | (19,470) | - | - | 3,080 |
| Other DfE / ESFA grants | - | 62,376 | (62,376) | - | - | - |
| Local Authority grant | - | 21,615 | (21,615) | - | - | - |
| Pension reserve | (297,000) | - | (65,000) | 24,000 | (79,000) | (417,000) |
| | <u>(275,851)</u> | <u>904,237</u> | <u>(938,042)</u> | <u>-</u> | <u>(79,000)</u> | <u>(388,656)</u> |
| Restricted fixed asset funds | | | | | | |
| Inherited | 1,655,400 | - | (55,664) | - | - | 1,599,736 |
| Assets purchased from GAG since conversion | 59,682 | - | (10,612) | - | - | 49,070 |
| DfE/ESFA capital grant | - | 16,062 | - | - | - | 16,062 |
| Donations for capital expenditure | - | 4,118 | (194) | - | - | 3,924 |
| | <u>1,715,082</u> | <u>20,180</u> | <u>(66,470)</u> | <u>-</u> | <u>-</u> | <u>1,668,792</u> |
| Total Restricted funds | <u>1,439,231</u> | <u>924,417</u> | <u>(1,004,512)</u> | <u>-</u> | <u>(79,000)</u> | <u>1,280,136</u> |
| Total funds | <u>1,542,795</u> | <u>993,974</u> | <u>(1,079,096)</u> | <u>-</u> | <u>(79,000)</u> | <u>1,378,673</u> |

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the ESFA by the DfE. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy.

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20. Statement of funds (continued)

The Other DfE/ESFA grants fund has been created to recognise the restricted grant funding received from the DfE/ESFA which fall outside the scope of core funding.

The Pupil premium fund has been created to recognise restricted Pupil Premium funding received from the DfE/ESFA.

The pension reserve has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the academy upon conversion by the local authority which represent the school site inherited from the local authority including the leasehold land and buildings and all material items of plant and machinery therein. Depreciation charged on those inherited assets is allocated to this fund.

The DfE/ESFA capital grant fund and the donations for capital expenditure fund have been created to recognise the capital grants received from DfE/ESFA and from donations for the purpose of the acquisition of tangible fixed assets. Expenditure made from these funds is transferred to the capital expenditure from grants fund. Depreciation relating to these assets has been allocated to this fund.

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

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20. Statement of funds (continued)

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

| | <i>Balance at 1 September 2017 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Transfers in/out £</i> | <i>Gains/ (Losses) £</i> | <i>Balance at 31 August 2018 £</i> |
|--|--|---------------------|--------------------------|-----------------------------------|----------------------------------|--|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 109,103 | 50,944 | (56,483) | - | - | 103,564 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 49,438 | 783,364 | (773,958) | (40,995) | - | 17,849 |
| Other DfE/ESFA | 3,740 | 73,795 | (74,235) | - | - | 3,300 |
| Local Authority grants | - | 19,365 | (19,365) | - | - | - |
| Pension reserve | (334,000) | - | (71,000) | 29,000 | 79,000 | (297,000) |
| | <u>(280,822)</u> | <u>876,524</u> | <u>(938,558)</u> | <u>(11,995)</u> | <u>79,000</u> | <u>(275,851)</u> |
| Restricted fixed asset funds | | | | | | |
| Inherited | 1,719,466 | - | (64,066) | - | - | 1,655,400 |
| Assets purchased from GAG since conversion | 50,615 | - | (15,127) | 24,194 | - | 59,682 |
| DfE/ESFA capital grant | - | 6,374 | - | (6,374) | - | - |
| Donations for capital expenditure | - | 5,825 | - | (5,825) | - | - |
| | <u>1,770,081</u> | <u>12,199</u> | <u>(79,193)</u> | <u>11,995</u> | <u>-</u> | <u>1,715,082</u> |
| Total Restricted funds | <u>1,489,259</u> | <u>888,723</u> | <u>(1,017,751)</u> | <u>-</u> | <u>79,000</u> | <u>1,439,231</u> |
| Total funds | <u>1,598,362</u> | <u>939,667</u> | <u>(1,074,234)</u> | <u>-</u> | <u>79,000</u> | <u>1,542,795</u> |

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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 1,652,104 | 1,652,104 |
| Current assets | 98,537 | 78,455 | 16,688 | 193,680 |
| Creditors due within one year | - | (50,111) | - | (50,111) |
| Provisions for liabilities and charges | - | (417,000) | - | (417,000) |
| Total | 98,537 | (388,656) | 1,668,792 | 1,378,673 |

Analysis of net assets between funds - prior year

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 1,715,082 | 1,715,082 |
| Current assets | 103,566 | 68,856 | - | 172,422 |
| Creditors due within one year | - | (47,707) | - | (47,707) |
| Provisions for liabilities and charges | - | (297,000) | - | (297,000) |
| Total | 103,566 | (275,851) | 1,715,082 | 1,542,797 |

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22. Reconciliation of net expenditure to net cash flow from operating activities

| | 2019 £ | 2018 £ |
|---|--------------|-----------------|
| Net expenditure for the year (as per Statement of financial activities) | (85,123) | (134,566) |
| Adjustments for: | | |
| Depreciation | 66,470 | 79,193 |
| Capital grants from DfE and other capital income | (20,180) | (12,199) |
| Interest receivable | (99) | (108) |
| Defined benefit pension scheme cost less contributions payable | 33,000 | 34,000 |
| Defined benefit pension scheme finance cost | 8,000 | 8,000 |
| (Increase)/decrease in debtors | (1,720) | 8,721 |
| Increase/(decrease) in creditors | 2,402 | (3,134) |
| Net cash provided by/(used in) operating activities | 2,750 | (20,093) |

23. Cash flows from investing activities

| | 2019 £ | 2018 £ |
|--|---------------|-----------------|
| Dividends, interest and rents from investments | 99 | 108 |
| Purchase of tangible fixed assets | (3,492) | (24,195) |
| Capital grants from DfE Group | 16,062 | 6,374 |
| Capital funding received from sponsors and others | 4,118 | 5,825 |
| Net cash provided by/(used in) investing activities | 16,787 | (11,888) |

24. Analysis of cash and cash equivalents

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Cash in hand | 182,119 | 162,582 |
| Total cash and cash equivalents | 182,119 | 162,582 |

25. Pension commitments

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

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25. Pension commitments (continued)

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

Contributions amounting to £9,932 were payable to the schemes at 31 August 2019 (2018 - £10,914) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £61,915 (2018 - £62,623).

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

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

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25. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £31,000 (2018 - £37,000), of which employer's contributions totalled £24,000 (2018 - £29,000) and employees' contributions totalled £ 7,000 (2018 - £8,000). The agreed contribution rates for future years are 20 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

| | 2019 % | 2018 % |
|--|-----------|-----------|
| Rate of increase in salaries | 3.70 | 3.80 |
| Rate of increase for pensions in payment/inflation | 2.20 | 2.30 |
| Discount rate for scheme liabilities | 1.85 | 2.65 |
| Inflation assumption (CPI) | 2.20 | 2.30 |
| Commutation of pensions to lump sums | 50.00 | 50.00 |
| Increase in RPI | 3.20 | 3.30 |

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

| | 2019 Years | 2018 Years |
|-----------------------------|---------------|---------------|
| <i>Retiring today</i> | | |
| Males | 22.1 | 23.1 |
| Females | 24 | 25.2 |
| <i>Retiring in 20 years</i> | | |
| Males | 23.7 | 25.3 |
| Females | 25.8 | 27.5 |

Sensitivity analysis

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Discount rate +0.1% | 861 | 696 |
| Discount rate -0.1% | 901 | 728 |
| Mortality assumption - 1 year increase | 913 | 736 |
| Mortality assumption - 1 year decrease | 850 | 689 |

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25. Pension commitments (continued)

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

| | At 31 August 2019 £ | At 31 August 2018 £ |
|-------------------------------------|---------------------------|---------------------------|
| Equities | 317,000 | 283,000 |
| Gilts | 3,000 | 3,000 |
| Other bonds | 42,000 | 37,000 |
| Property | 54,000 | 51,000 |
| Cash and other liquid assets | 12,000 | 13,000 |
| Other funds | 36,000 | 28,000 |
| Total market value of assets | 464,000 | 415,000 |

The actual return on scheme assets was £20,000 (2018 - £17,000).

The amounts recognised in the Statement of financial activities are as follows:

| | 2019 £ | 2018 £ |
|---|-----------------|-----------------|
| Current service cost | (47,000) | (63,000) |
| Past service cost | (10,000) | - |
| Interest cost | (8,000) | (8,000) |
| Total amount recognised in the Statement of financial activities | (65,000) | (71,000) |

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

| | 2019 £ | 2018 £ |
|--------------------------|----------------|----------------|
| At 1 September | 712,000 | 697,000 |
| Current service cost | 47,000 | 63,000 |
| Interest cost | 19,000 | 18,000 |
| Employee contributions | 7,000 | 8,000 |
| Actuarial losses/(gains) | 88,000 | (72,000) |
| Benefits paid | (2,000) | (2,000) |
| Past service costs | 10,000 | - |
| At 31 August | 881,000 | 712,000 |

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25. Pension commitments (continued)

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

| | 2019 £ | 2018 £ |
|------------------------|----------------|----------------|
| At 1 September | 415,000 | 363,000 |
| Interest income | 11,000 | 10,000 |
| Actuarial gains | 9,000 | 7,000 |
| Employer contributions | 24,000 | 29,000 |
| Employee contributions | 7,000 | 8,000 |
| Benefits paid | (2,000) | (2,000) |
| At 31 August | 464,000 | 415,000 |

Impact of the McCloud/Sargeant judgement on the Local Government Pension Scheme

An allowance has been made for the recent Court of Appeal judgement in relation to the McCloud & Sargeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. On 27 June 2019 the Supreme Court denied the Government's request for an appeal, and on 15 July 2019 the Government released a statement to confirm that it expects to have to amend all public service schemes, including the LGPS.

The estimated impact on the total liabilities at 31 August 2019 has been allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 August 2019.

This adjustment is an estimate of the potential impact on the Trust's defined benefit obligation as provided by the scheme's actuary. The Actuary's assessment is based on analysis carried out by the Government Actuary's Department (GAD) and the Trust's liability profile.

The GAD assessment is based on a "worst-case" scenario whereby this case impacts on all active members in the scheme as at 31 March 2019. It is the view of the Trustees and their actuary that this is not a realistic estimate. The actuary has therefore adjusted their estimate to only include members who were active at 31 March 2012.

26. Operating lease commitments

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

| | 2019 £ |
|--|--------------|
| Not later than 1 year | 1,264 |
| Later than 1 year and not later than 5 years | 1,384 |
| | 2,648 |

27. Members' liability

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

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28. Related party transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustees has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

Dartford Area Schools Consortium - a registered charity in which H Overton was the Chair of Trustees until she retired in December 2018

The Academy procured services from the Dartford Area Schools Consortium totalling £5,464 (2018: £4,654) and received income contributions of £2,568 (2018: £1,704) at the year end the Academy owed Nil (2018: £Nil) to the Dartford Area Schools Consortium.

The above transactions were conducted at cost and H Overton received no personal benefit.