



# THE PATHWAY ACADEMY TRUST

Registered address: c/o Culverstone Green Primary School,  
Wrotham Road, Meopham, Kent DA13 0RF

Registered Company N°9782388

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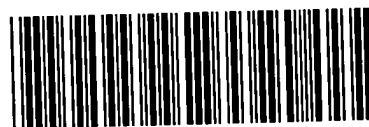
## THE PATHWAY ACADEMY TRUST

(A company limited by guarantee)

Annual report and financial statements

for the period ended 31 August 2019

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**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

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**THE PATHWAY ACADEMY TRUST**  
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**Reference and Administrative Details**

<b>Members</b>	Mr Alan Wallaker Mr Philip Batson Mrs Sheila Buchanan (resigned 14 September 2018) Mrs Jane Partridge-Dyer Mrs Susan Lythgoe
<b>Trustees</b>	Mrs Jan Bennett Mrs Nicole Caulfield Mr Alan Wallaker, Chair Mrs Ruth Doughty Mr Mark Law, Chair of Finance and Audit Committee Mrs Andrya Norris (resigned 29 April 2019) Mrs Jennifer Margetson Mrs Helena Gula (resigned 12 June 2019) Mrs Dawn Bramer Mr Deepak Jayaprakash (appointed 1 September 2018) Mrs Sarah Martin (appointed 27 March 2019, resigned 30 September 2019) Mrs Suzanne Mayhew (appointed 27 March 2019) Mrs Elizabeth Wade (appointed 13 December 2018)
<b>Company registered number</b>	09782388
<b>Company name</b>	The Pathway Academy Trust
<b>Principal and registered office</b>	Culverstone Green Primary Wrotham Road Gravesend Kent DA13 0RF
<b>Company secretary</b>	Mr Ron Dale
<b>Chief executive officer</b>	Ruth Doughty
<b>Senior management team</b>	Mrs Nicole Caulfield, Director of Education Mrs Ruth Doughty, Chief Executive Officer & Accounting Officer Mrs Andrya Norris, Chief Financial Officer
<b>Independent auditors</b>	Williams Giles Professional Services Ltd Chartered Accountants Sittingbourne Kent ME10 5BH
<b>Bankers</b>	Lloyds Bank PLC 78 New Road Gravesend DA11 0AR

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Trustees' Report**  
**For the Year Ended 31 August 2019**

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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.

The academy trust operates three primary schools, one infant school and one junior school in Gravesham, in South East England. Its academies currently have a combined pupil capacity of 1,930 and had a roll of 1,912 in the school census in October 2018.

**Structure, governance and management**

**a. Constitution**

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

The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

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

The charitable company operates as The Pathway Academy Trust.

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 Pathway Academy Trust is a member of the Department for Education's (DfE's) Risk Protection Arrangement (RPA).

The RPA is not an insurance scheme but is a mechanism through which the cost of risks that materialise from 1 September 2014 will be covered by government funds. The Governors' Liability section of the RPA will indemnify Members, the Board of Directors and the Local Governing Bodies of the Trust.

The RPA Administrator's limit of liability in respect of each school shall be £10,000,000 each and every loss and shall be the maximum aggregate liability of the RPA Administrator from all losses from a school whose Trust is a member during any one membership year.

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**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 Trustees, referred to as Directors, are appointed in accordance with the Trust's Articles of Association as detailed below. The number of Directors shall be not less than three but shall not be subject to a maximum.

- a) The Members may appoint by ordinary resolution up to 12 Directors (Article 50).
- b) The Members may appoint Staff Directors through such process as they may determine (Article 50AA). The total number of Directors including the CEO (if they so choose to act as a Director under Article 57) who are employees of the Academy Trust shall not exceed one third of the total number of Directors (Article 50B).
- c) Providing that the CEO agrees so to act, the Members may by ordinary resolution appoint the CEO as a Director (Article 57).
- d) The Directors may appoint Co-opted Directors. A 'Co-opted Director' means a person who is appointed to be a Director by being Co-opted by Directors who have not themselves been so appointed. The Directors may not co-opt an employee of the Academy Trust as a Co-opted Director if thereby the number of Directors who are employees of the Academy Trust would exceed one third of the total number of Directors including the Chief Executive Officer to the extent he or she is a Director (Article 58).

The term of office for Directors is four years and any Director may be re-appointed or re-elected subject to remaining eligible to be a Director.

The Trust has established Local Governing Bodies (LGB) under Article 100(a) for each of its schools with a minimum of five and maximum of 10 Local Governors. The Directors will ensure that each LGB has at least two Local Parent Governors (in accordance with Article 101A), the Head Teacher / Head of School and a Local Staff Governor with the balance consisting of Local Governors appointed by the LGB. Where the school is a sponsored school LGB appointments will be made by the Trust's Directors.

All Directors and Local Governors are recruited based on the skills required for the Trust Board and the LGB to fulfil their responsibilities.

**e. Policies adopted for the induction and training of Trustees**

The Trust has agreed an induction procedure and the training and induction provided for new Directors will depend on their existing experience and is tailored specifically to the individual. All new Directors will be given a tour of the academies and the chance to meet with staff and students.

All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors.

**THE PATHWAY ACADEMY TRUST**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

**Structure, governance and management (continued)**

**f. Organisational structure**

The structure consists of four management levels: The Pathway Academy Trust Board ('the Board'), the Executive Leadership Team (ELT), the Local Governing Bodies (LGB), and the Senior Leadership Teams of the Trust schools. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Board is responsible for setting general policy, adopting an annual plan and budget monitoring for the academies by the use of budget reports and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Executive Leadership Team consists of the Chief Executive Officer (CEO) and the Director of Education (DoE). The CEO and DoE have the delegated responsibility for the operation of the Trust and are accountable for the performance of all schools within the Trust. The CEO and DoE manage the Head Teachers / Head of School of each school, in conjunction with the Chair of the relevant LGB.

The Senior Leadership Teams consist of the Head Teachers, Heads of School, Deputy Head Teachers, Heads of Year Groups, the Inclusion Manager and the Business Manager. These leaders control each academy at school level implementing the policies laid down by themselves, the LGB or the Trust Board of Directors. As a group, the Senior Leadership Team is responsible for the authorisation of spending within agreed budgets and the appointment of non-senior staff.

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

The Board of Directors of The Pathway Academy Trust are responsible for the performance management and pay awards of the Chief Executive Officer and Director of Education.

The Chief Executive Officer and Director of Education are responsible for the performance management and pay award of the Trust Business Manager and the Head Teachers or Head of Schools of all schools within the Trust.

The Local Governing Body of each school will receive pay recommendations for the teaching staff from their Head Teacher.

All pay decisions for Leadership and Teaching staff are benchmarked to the DfE's School Teachers' Pay and Conditions Document. Pay decisions for key operational staff are benchmarked to Kent County Council's Kent Range Pay Scheme.

**h. Related parties and other connected charities and organisations**

Two trustees are also trustees of Culverstone Green Nursery.

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

**Objectives and activities**

**a. Objects and aims**

The principal objects of The Pathway Academy Trust are specifically restricted to the following:

- 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 schools offering a broad and balanced curriculum ; and
- to promote for the benefit of the inhabitants of the areas in which the academies are located and the surrounding areas the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

**b. Objectives, strategies and activities**

The Pathway Academy Trust, founded in October 2015, believes that it is leading the way in the pursuit of excellence: in the spirit of collaboration and inspiration, through a creative, inclusive and child-centred education.

Learning is at the centre of our pedagogy. We firmly believe learning is a partnership and that through working collaboratively we will achieve the highest outcomes for all. We believe that every child is unique and ensure that learning experiences are tailored to meet the needs of individual children. We pride ourselves on providing the highest quality learning experiences; learning is fun, practical and engaging. Children are enthusiastic, motivated independent learners. They feel safe, valued and included and are aspirational about their futures

The main objectives of the Trust are summarised below:

1. Excellent quality of education: deliver outstanding outcomes for children
2. Ambitious leadership at all levels: disseminating good practice and providing excellent development opportunities and resources, provide an excellent framework of governance and leadership and build a strong reputation as a successful and high quality educational organisation
3. Exceptional value for money: budget planning that supports sustainability and ensures high standards across all schools
4. Investment in people: through robust appraisal and CPD programmes to build a sustainable workforce
5. Inspirational opportunities for all: a focus on continuous improvement seeing challenge as an opportunity
6. Safeguarding and safety: all academies have a positive safeguarding outcome and promote the teaching and learning aspects of safeguarding and safety for all stakeholders
7. Systems and organisational effectiveness: assessment systems ensure consistency in standards across all academies, risk is well-managed

**c. Public benefit**

The Directors of The Pathway Academy Trust can confirm that they have complied with their duty in Section 4 of the Charities Act 2006, to have due regard to public benefit guidance published by the Charity Commission, in exercising their powers or duties. In particular, the Directors consider how planned activities will contribute to the aims and objectives they have set.

The Trust provides a fully comprehensive education to all of the pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

**THE PATHWAY ACADEMY TRUST**  
(A company limited by guarantee)

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

**Strategic report**

**Achievements and performance**

**a. Key performance indicators**

Key Performance Indicators	Recommended Levels	2018-19 Final				
		CGPS	MCA	RVI	RVJ	WRP
Size of School		7 Classes	14 Classes	12 Classes	16 Classes	14 Classes & Nursery
Total Staff Costs (£)		700,264	1,232,777	1,150,364	1,469,151	1,506,073
Total Staff Costs as Proportion of Total Expense (%)	75%	78%	75%	79%	78%	83%
Total Staff Costs to Total Income (%)	75-78%	75%	76%	79%	76%	79%
Total Teaching Staff costs as proportion of Total Expense (%)		49%	50%	52%	48%	52%
Total Teaching Staff costs to Total Income (%)	47-57%	47%	50%	52%	47%	50%
Total Educational Support Staffing costs as proportion of Total Expense (%)		18%	17%	15%	16%	18%
Total Educational Support Staffing costs to Total Income (%)	7-12%	17%	17%	15%	16%	17%
Total Other Support Staffing costs as proportion of Total Expense (%)		11%	8%	11%	12%	11%
Total Other Support Staffing costs to Total Income (%)	5-9%	10%	8%	11%	12%	11%
Key Performance Indicators	Recommended Levels	CGPS	MCA	RVI	RVJ	WRP
FTE Teaching Staff		9.20	17.20	14.91	23.15	21.48
Total Pupil Numbers		208	432	343	482	411
Pupil Teacher Ratio	23	22.61	25.12	23.01	20.82	19.13
Average Teacher Cost (£)	£36,000-£45,000	47,295	47,081	51,118	39,102	44,229
Proportion of Income spent on the Leadership team (%)	7-12%	17%	18%	21%	15%	22%
Average Additional Income per pupil (£)	£300 for MATs	195.77	93.84	117.20	310.33	186.79

**b. Going concern**

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



**THE PATHWAY ACADEMY TRUST**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

**Strategic report (continued)**

**Achievements and performance (continued)**

**c. Achievements and Performance**

Three of the five schools in The Pathway Academy Trust received an Ofsted inspection in autumn 2018. Culverstone Green Primary School, Riverview Infant School and Meopham Community Academy were all rated 'Good'.

**Culverstone Green Primary School**

**2019 Key Stage 1 Results:**

Phonics Y1 92.3%

KS1	ARE%+	GD%
Reading	84%	23%
Writing	77%	16%
Maths	77%	29%

**2019 Key Stage 2 Results:**

RWM ARE+ 82% (National 65)  
RWM GD 16% (National 11)

KS2	ARE%+	GD%
Reading	84%	32%
Writing	84%	29%
Maths	84%	32%

**Meopham Community Academy**

**2019 Key Stage 1 Results:**

Phonics Y1 82%

RWM ARE 67%  
RWM GD 15%

ARE above national average

KS1	ARE%	GD%
Reading	76%	26%
Writing	76%	19%
Maths	86%	26%

**THE PATHWAY ACADEMY TRUST**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

**Strategic report (continued)**

**Achievements and performance (continued)**

**2019 Key Stage 2 Results:**

2019 KS2 results are above national average except GD – GPS/Writing and GD combined RWM.

RWM ARE	72%	
RWM GD	5%	
KS2	ARE%	GD%
Reading	80%	31%
Writing	86%	14%
Maths	80%	27%
GPS	81%	28%

**Progress scores:**

Reading -0.2

Writing -0.5

Maths -0.7

**Riverview Infant School**

EYFS GLD 75%

**2019 Key Stage 1 Results:**

2019 Phonics Y1 77%

Phonics Y2 Retakes 72%

KS1	ARE%+	GD%
Reading	78%	27%
Writing	78%	18%
Maths	80%	26%

**Riverview Junior School**

**2019 Key Stage 2 Results:**

RWM ARE+ 62% (National 65)

RWM GD 10% (National 11)

KS2	ARE%+	GD%
Reading	69%	22%
Writing	83%	23%
Maths	82%	25%

**Wrotham Road Primary School**

**2019 Key Stage 1 Results:**

2019 Phonics Y1 83%

Year 2	% Expected	% Exceeding
Reading	70%	7%
Writing	63%	5%
Maths	68%	4%

**Additional context:**

- 63% of pupils do not have English as their first language (EAL)
- 22% of cohort joined in KS2 = 13 pupils, of which 9% of cohort joined in Y5 or Y6 = 5 pupils

**THE PATHWAY ACADEMY TRUST**  
(A company limited by guarantee)

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

**Strategic report (continued)**

**Financial review**

**a. Reserves policy**

The Directors review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be equivalent to one month's expenditure, which is approximately £735,000.

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of free reserves is £383,343 (2018 - £251,213) (total funds less the amount held in fixed assets and restricted funds).

**b. Investment policy**

The Pathway Academy Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of each of its schools and the Trust central fund, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

The Trust's aim is to spend the public monies with which we are entrusted for the direct educational benefit of pupils as soon as is prudent. The Trust does not consider the investment of surplus funds as a primary activity; rather, it is the result of good stewardship as and when circumstances allow.

**c. Principal risks and uncertainties**

The Board of Directors has assessed the major risks to which the Trust is exposed and these are summarised in the Trust's Risk Register. The Directors have implemented a number of systems to assess the risks that the Trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, and safeguarding) and in relation to the control of finance. They have introduced mitigating controls, including operational procedures and internal financial controls, in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

An extract from the risk register of key risks that have been considered and the mitigating actions in place is shown below:

Ref Number	Perceived Risk (as the Basis of Analysis)	Probability (A)	Impact (B)	Risk Score (C) = (A) x (B)	Mitigating Actions	Residual Risk Score	Response	Comments, Current Status, and Further Mitigation
4	Continuation of the Trust's operations, the Trust's resources and its future operations and reputation	2	3	6	Due diligence reports for T&L, Business Management & Premises will be completed prior to current tenancy terms to the Trust. Combined three year budget plans will be produced to demonstrate the impact of each school joining the Trust	1	Mitigate	All DD reports will be presented to the Board of Directors for discussion and approval The Trust Business Manager will produce a timeline for each completion
5	Non-achievement of Trust will restrict contributions to the central fund along the Trust and its member schools under financial pressure.	2	3	6	Provisional structures for the Trust have been produced and given to selected schools Plans for future growth have been approved by the DfE office The CEO will attend RSC events The central fund will monitor the Trust when appropriate	1	Mitigate	IFAT growth plans are currently in place The Trust Business Manager will monitor the central fund reserves and cash flow forecasts
6	Fixed	1	3	3	The Financial Policy and Procedures Manual (FPPM) sets out strategies and procedures to minimise risk. Financial responsibilities are separated. An internal audit will be completed by an independent provider	1	Mitigate	Heads should check that the FPPM is being followed to an adequate level of compliance An internal and compliance policy is in place

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

**Strategic report (continued)**

**Financial review (continued)**

**d. Financial Review**

The main sources of income for the schools within The Pathway Academy Trust are obtained from the Education Funding and Skills Agency (EFSA) and the Local Authority in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the EFSA during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 August 2019, total expenditure of £8,819,486 (2018 - £6,311,001) was met by recurrent grant funding from the EFSA together with other incoming resources. The excess of income over expenditure for the period (excluding pension deficit on conversion, restricted fixed asset funds and transfers to restricted fixed asset funds) was £182,480 (2018 - £7,867).

At 31 August 2019 the net book value of fixed assets was £19,573,908 (2018 - £17,272,697). Movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The FRS102 report for the defined benefit pension scheme indicated that the Trust's liability for the Local Government Pension Scheme is £3,921,000 as at 31 August 2019. This is an increase of £1,645,000 on the previous year.

**Fundraising**

The schools of The Pathway Academy Trust each have a Parents Teachers Association (PTA) or equivalent organisation, which are separate charities that fundraise to support the schools' voluntary (unrestricted) funds. The PTAs are each responsible for ensuring that their fundraising conforms to recognised standards and that no one is put under undue pressure to donate. Their fundraising activities are primarily targeted at families, carers and friends of the schools.

At Culverstone Green Primary School, Riverview Infant School and Riverview Junior School, table space was sold to external individuals or companies at their Christmas and/or Summer Fayres. At Meopham Community Academy and Riverview Infant School, income was also received from local estate agent boards used for advertising community events. Riverview Infant School held a pamper evening with commercial traders, and at the Inflatable Day at Meopham Community Academy the company who provided the inflatables took a set amount from the monies collected.

Each school may also write to its families at least once a year to request voluntary donations to that school's unrestricted fund. These funds can then be used, for example, to purchase additional resources for the school, or subsidise school trips or events. No profit is made from requests for contributions to school trips.

Each school also raises charitable donations for a small number of local and national charities, such as Children in Need. All fundraising is decided upon and arranged within each school. Donations raised for external charities are deposited into that school's bank account and paid to the relevant charity via cheque or bank transfer.

Donations from the PTAs and individuals into the schools' voluntary funds are accounted for, monitored and audited in line with the Trust's Finance Policy and Procedures Manual.

No fundraising complaints have been received.

**THE PATHWAY ACADEMY TRUST**  
(A company limited by guarantee)

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

**Plans for future periods**

The Trust has completed a year of consolidation at five academies and will now be looking at options for further growth. The priority is for sustainable growth and it is the Trust's intention to remain a local primary MAT.

The pooling of expertise, knowledge and resources continues to be a priority for the Trust, with shared resources such as a Trust Counsellor becoming available in September 2019.

The Trust's objective is for all Trust schools, including Riverview Junior School, to be graded at least Good by Ofsted.

**Employee involvement and employment of the disabled**

The Directors recognise that equal opportunities must be an integral part of good practice within the workplace. The Trust aims to create a working environment in which the contribution and needs of all people are fully valued.

Where possible, lifts, ramps and disabled toilets have been installed and door widths are sufficient to enable wheelchair access to all the main areas of the schools. The policy of the Trust is to support the employment of disabled persons both in recruitment and by retention of employees who become disabled whilst in the employment of the Trust, as well as generally through training and career development.

The Pathway Academy Trust encourages staff contributions at all levels and close collaboration between the schools (for example, the Head Teachers and SEN Coordinators meet regularly to share knowledge and best practice). The Trust intranet provides information and access to both internal and external sources of information and support. Each school also holds regular staff meetings and briefings. New members of staff are fully inducted and staff development days are used for training before and during the school year.

**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.

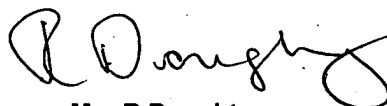
**Auditors**

The auditors, Williams Giles Professional Services Ltd, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

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



**Mr A Wallaker**  
Chair of the Board of Trustees



**Mrs R Doughty**  
Accounting Officer

**THE PATHWAY ACADEMY TRUST**  
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**Governance Statement**

**Scope of responsibility**

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

The board of trustees has delegated the day-to-day responsibility to the 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 Pathway Academy Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**THE PATHWAY ACADEMY TRUST**  
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**Governance Statement (continued)**

**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
Mrs Jan Bennett	5	6
Mrs Nicole Caulfield	5	6
Mr Alan Wallaker, Chair	4	6
Mrs Ruth Doughty	6	6
Mr Mark Law, Chair of Finance and Audit Committee	5	6
Mrs Andrya Norris	4	4
Mrs Jennifer Margetson	5	6
Mrs Helena Gula	5	5
Mrs Dawn Bramer	6	6
Mr Deepak Jayaprakash	3	6
Mrs Sarah Martin	3	3
Mrs Suzanne Mayhew	3	3
Mrs Elizabeth Wade	2	5

The Trust's governance arrangements are in accordance with its Articles of Association. The Board of Directors has overall responsibility for the staffing, finance and health and safety of the Trust as well as the standards of both schools. The Board has established a Finance and Audit Committee.

**Finance and Audit Committee (FAC)**

The role of the FAC is to provide assurance over the suitability of, and compliance with, the Trust's financial systems and operational controls.

The FAC provides assurances to the Board that all risks are being adequately identified and managed with particular regard to reviewing the risks to internal financial control across the Trust and agreeing a programme of work to address, and provide assurance on, those risks.

The FAC will also ensure that financial management and controls, particularly the procurement of goods and services, are properly carried out in accordance with the Trust's Finance Policy and Scheme of Financial Delegation. As a multi-academy trust, this oversight extends to the financial controls at constituent schools.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mark Law (Chair)	3	3
Jenny Margetson	3	3
Alan Wallaker	2	3
Deepak Jayaprakash	3	3
Suzanne Mayhew	1	1

Mrs Mayhew was appointed to the FAC on 27 March 2019. Mrs Doughty (CEO) and Mrs Norris (Trust Business Manager) attended the meetings at the request of the FAC.

**THE PATHWAY ACADEMY TRUST**  
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**Governance Statement (continued)**

**Governance (continued)**

**Constituent schools**

Each school has a Local Governing Body (LGB) that monitors the standards of teaching and learning and other local issues and reports to the Trust Board on a regular basis.

**Culverstone Green Primary School LGB**

The LGB has formally met five times during the year. Attendance during the year at meetings was as follows:

	Meetings Attended	Out of a possible
Gail Cox (Chair)	5	5
Ruth Doughty (Head Teacher)	5	5
Helena Gula	5	5
Priya Shome	4	5
Tricia Warner	5	5
Aimee Plourde Stabler	5	5
Jane Chappell (resigned 25 July 2019)	4	5
Fiona Ashford	4	5

**Riverview Infant School LGB**

The LGB has met formally four times during the year. Attendance during the year at meetings was as follows:

	Meetings Attended	Out of a possible
Robin Friday (Chairman)	4	4
Nicole Caulfield (Head Teacher)	4	4
Clare Donnell (resigned 5 April 2019)	1	2
Sue Garrard	4	4
Jacqui Hutchison	4	4
Hits Patel	4	4
Peter Harris	2	4
Hayley Chisholm	4	4
Richard Clark (appointed 28 January 2019)	1	2
Rifet Purveen-Karim (appointed 8 April 2019)	2	2

**Riverview Junior School LGB**

The LGB has met formally four times during the year. Attendance during the year at meetings was as follows:

	Meetings Attended	Out of a possible
Richard Epps (Chair)	3	4
James Kendall (Head Teacher)	4	4
Kerrie Ward	4	4
Roy Carlo	4	4
Mick Butteriss	4	4
Martin Hill	4	4
Fenno Heerfall (appointed 8 November 2018)	3	3



**THE PATHWAY ACADEMY TRUST**  
(A company limited by guarantee)

**Governance Statement (continued)**

**Governance (continued)**

**Wrotham Road Primary School LGB**

The LGB has met formally four times during the year. Attendance during the year at meetings was as follows:

	Meetings Attended	Out of a possible
Lucy Hornby (Chair)	2	4
Sarah Green (Head Teacher)	4	4
Jeremy Bownas	4	4
John Death	4	4
Gurpreet Saib	3	4
Margaret Tillet	4	4
John Webster	3	4
Gurneet Bains	2	4
Mark Whitehouse	4	4

**Meopham Community Academy LGB**

The LGB has met formally four times during the year. Attendance during the year at meetings was as follows:

	Meetings Attended	Out of a possible
Andrew Sharrod (Chair, Resigned 16 September 2019)	4	4
Rebecca Nicholson (Head Teacher)	4	4
Sarah Barrett (resigned 15 August 2019)	3	4
Sarah Cox	3	4
Emma Green	4	4
Shelley Jarvis (resigned 31 December 2018)	1	1
Trina Dunk (resigned 5 July 2019)	3	4
Julia Herod (resigned 27 November 2018)	1	1
Paul Hale	3	4
Sarbjeet Bassi	1	2

**Governance Review**

The Trust is currently actively seeking an additional Member to increase the number of Members to five following the resignation of Mrs Buchanan.

There were several changes to the membership of the Trust Board during the year. Mrs Norris resigned as a Director but continues to attend the Board meetings in her capacity as Trust Business Manager (TBM). Mrs Gula resigned as a Director to concentrate on her role as a member of the LGB at Culverstone Green Primary School.

The Board recruited three Directors to bring the total number of Directors to 11 to ensure that the number of Local Authority Associated Persons (LAAP) serving as Directors did not exceed the permitted limit of 19.9%. There are currently two LAAP (Mrs Bennett and Mrs Margetson), which gives a LAAP membership of 18.2%. The Directors recruited during 2018/2019 were recruited based on their skills in order to strengthen the areas identified in the previously conducted skills audit as requiring strengthening: Ms Wade has extensive experience of corporate governance, Mrs Martin has wide HR and personnel experience and Mrs Mayhew has experience of financial management.

The Board believed that the skills and experience now available through the current Directors plus the support provided by the TBM would enable it to fulfil its responsibilities.

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Governance Statement (continued)**

**Review of value for money**

As Accounting Officer the Chief Executive Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by

- key personnel working across all schools within the Trust, sharing their expertise and best practices for the benefit of the all pupils in our care
- central procurement of key operational contracts have achieved economies of scale and streamlined the administration process
- combining training and Inset days, promoting team work, collaborative working, with a trust-centred approach to learning and the additional benefit of economies of scale on the cost of outside training providers?

**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 Pathway Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The board of Trustees has reviewed the key risks to which the Academy 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.

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Governance Statement (continued)**

**The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and 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 use a combination of Williams Giles Professional Services Ltd and Kent County Council to audit the Trust schools. Next year, this function will solely be completed by Kent County Council, following a programme of works agreed by the Finance and Audit Committee.

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of income
- Testing of bank reconciliations

The internal auditors delivered their schedule of work as planned in the 2018-19 year. On a regular basis, the Trust Business Manager reviews the internal auditors' reports and reports to the board of trustees, through the Finance and Audit Committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. Where issues have been identified, a plan of corrective actions is produced by the Trust central team and discussed with the School Business Manager or School Finance Officer as appropriate. Completion of these actions is monitored by the Trust central team during their monthly finance monitoring visits and checks.

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Governance Statement (continued)**

**The risk and control framework (continued)**

**Review of effectiveness**

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

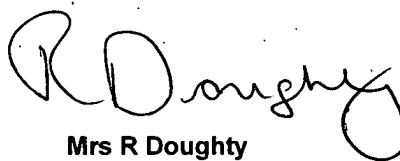
- the work of the internal auditors
- the work of the external auditor
- the financial management and governance of the Finance and Audit Committee
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and 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 11 December 2019 and signed on their behalf by:



**Mr A Wallaker**  
Chair of the Board of Trustees



**Mrs R Doughty**  
Accounting Officer

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

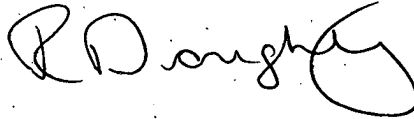
**Statement on Regularity, Propriety and Compliance**

As accounting officer of The Pathway Academy Trust 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.

**Mrs R Doughty**  
Accounting Officer  
Date: 11 December 2019



**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Statement of Trustees' responsibilities**  
**For the Year Ended 31 August 2019**

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

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

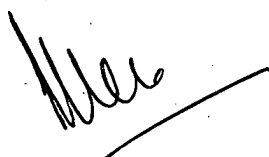
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015, and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

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



**Mr A Wallaker**  
Chair of the Board of Trustees

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Independent Auditors' Report on the financial statements to the Members of The Pathway Academy Trust**

**Opinion**

We have audited the financial statements of The Pathway Academy Trust (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 PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Independent Auditors' Report on the financial statements to the Members of The Pathway Academy Trust (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 PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Independent Auditors' Report on the financial statements to the Members of The Pathway Academy Trust (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](http://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.



**Alastair Crawford FCA (Senior statutory auditor)**

for and on behalf of  
**Williams Giles Professional Services Ltd**

Chartered Accountants  
Statutory Auditor

Sittingbourne

Kent

Me10 5BH

13 December 2019

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Independent Reporting Accountant's Assurance Report on Regularity to The Pathway Academy Trust  
and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 3 June 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 Pathway Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of The Pathway Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Pathway Academy Trust's funding agreement with the Secretary of State for Education dated 30 September 2015 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:

- An assessment of the risk of material misstatement and irregularity
- Testing and review of areas identified through risk assessment including enquiry, inspection and review, observation and re-performance
- Review of system controls, policies and procedures in place to ensure compliance with regularity regime
- Consideration of evidence obtained through the work performed as part of our audit in order to support the regularity conclusion

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Independent Reporting Accountant's Assurance Report on Regularity to The Pathway Academy Trust  
and the Education & Skills Funding Agency (continued)**

**Conclusion**

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



**Alastair Crawford FCA**

**Williams Giles Professional Services Ltd**

Date: 13 December 2019

**THE PATHWAY ACADEMY TRUST**  
(A company limited by guarantee)

**Statement of financial activities (incorporating income and expenditure account)**  
**For the Year Ended 31 August 2019**

		Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
	Note					
<b>Income from:</b>						
Donations and capital grants:	4					
Transfer of assets on conversion		79,496	(294,853)	2,501,032	2,285,675	10,427,830
Other donations and capital grants		26,612	5,431	354,997	387,040	3,964,494
Charitable activities		-	7,677,179	-	7,677,179	4,537,338
Other trading activities		238,577	137,816	-	376,393	250,771
Investments	7	1,015	-	-	1,015	1,241
<b>Total income</b>		<b>345,700</b>	<b>7,525,573</b>	<b>2,856,029</b>	<b>10,727,302</b>	<b>19,181,674</b>
<b>Expenditure on:</b>						
Raising funds		163,220	-	-	163,220	93,616
Charitable activities		-	8,088,381	567,885	8,656,266	6,217,385
<b>Total expenditure</b>		<b>163,220</b>	<b>8,088,381</b>	<b>567,885</b>	<b>8,819,486</b>	<b>6,311,001</b>
<b>Net income/(expenditure)</b>		<b>182,480</b>	<b>(562,808)</b>	<b>2,288,144</b>	<b>1,907,816</b>	<b>12,870,673</b>
Transfers between funds	21	(50,350)	(103,130)	153,480	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>132,130</b>	<b>(665,938)</b>	<b>2,441,624</b>	<b>1,907,816</b>	<b>12,870,673</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	28	-	(717,000)	-	(717,000)	533,000
<b>Net movement in funds</b>		<b>132,130</b>	<b>(1,382,938)</b>	<b>2,441,624</b>	<b>1,190,816</b>	<b>13,403,673</b>

**THE PATHWAY ACADEMY TRUST**  
(A company limited by guarantee)

**Statement of financial activities (incorporating income and expenditure account) (continued)**  
**For the Year Ended 31 August 2019**

Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Reconciliation of funds:</b>					
Total funds brought forward	251,213	(935,814)	17,290,117	16,605,516	3,201,843
Net movement in funds	132,130	(1,382,938)	2,441,624	1,190,816	13,403,673
<b>Total funds carried forward</b>	<b>383,343</b>	<b>(2,318,752)</b>	<b>19,731,741</b>	<b>17,796,332</b>	<b>16,605,516</b>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 31 to 58 form part of these financial statements.

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**  
**Registered number: 09782388**

**Balance Sheet**  
**As at 31 August 2019**

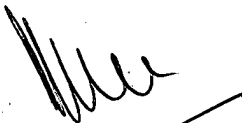
	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	18	19,573,908	17,272,697
		<u>19,573,908</u>	<u>17,272,697</u>
<b>Current assets</b>			
Debtors	19	255,632	237,892
Cash at bank and in hand		1,769,043	956,904
		<u>2,024,675</u>	<u>1,194,796</u>
Creditors: amounts falling due within one year	20	(511,251)	(215,977)
<b>Net current assets</b>		<u>1,513,424</u>	<u>978,819</u>
<b>Total assets less current liabilities</b>		<u>21,087,332</u>	<u>18,251,516</u>
<b>Net assets excluding pension liability</b>		<u>21,087,332</u>	<u>18,251,516</u>
Defined benefit pension scheme liability	28	(3,291,000)	(1,646,000)
<b>Total net assets</b>		<u><u>17,796,332</u></u>	<u><u>16,605,516</u></u>

**THE PATHWAY ACADEMY TRUST**  
(A company limited by guarantee)

**Balance Sheet (continued)**  
**As at 31 August 2019**

	Note	2019 £	2018 £
<b>Funds of the Academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	21	19,731,741	17,290,117
Restricted income funds	21	972,248	710,186
		<hr/>	<hr/>
Restricted funds excluding pension asset	21	20,703,989	18,000,303
Pension reserve	21	(3,291,000)	(1,646,000)
		<hr/>	<hr/>
<b>Total restricted funds</b>	21	17,412,989	16,354,303
<b>Unrestricted income funds</b>	21	383,343	251,213
		<hr/>	<hr/>
<b>Total funds</b>		<b>17,796,332</b>	<b>16,605,516</b>
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 26 to 58 were approved by the Trustees, and authorised for issue on 11 December 2019 and are signed on their behalf, by:



**Mr A Wallaker**  
Chair of the Board of Trustees

The notes on pages 31 to 58 form part of these financial statements.

**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Statement of Cash Flows**  
**For the Year Ended 31 August 2019**

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	23	825,129	519,346
<b>Cash flows from investing activities</b>	25	(11,259)	(36,548)
<b>Cash flows from financing activities</b>	24	(1,731)	-
<b>Change in cash and cash equivalents in the year</b>		<b>812,139</b>	<b>482,798</b>
Cash and cash equivalents at the beginning of the year		956,904	474,106
<b>Cash and cash equivalents at the end of the year</b>	26	<u><b>1,769,043</b></u>	<u><b>956,904</b></u>

The notes on pages 31 to 58 form part of these financial statements



**THE PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**1. General information**

The Pathway Academy Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Culverstone Green Primary, Wrotham Road, Gravesend, Kent, United Kingdom, DA13 0RF. The principal activity of the academy trust is to provide primary education for pupils that satisfies the requirements of the Education Act 2002.

**2. 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.

**2.1 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 Pathway Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in Sterling and rounded to the nearest £1.

**2.2 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 PATHWAY ACADEMY TRUST**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**2. Accounting policies (continued)**

**2.3 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.

- **Transfer of existing academies into the Academy**

Where assets and liabilities are received on the transfer of an existing academy into the Academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the Academy. An equal amount of income is recognised for the transfer of an existing academy into the Academy within 'Income from Donations and Capital Grants' to the net assets acquired.

**2.4 Expenditure**

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

- **Expenditure on raising funds**

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

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**2. Accounting policies (continued)**

**2.4 Expenditure (continued)**

• **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.

**2.5 Interest receivable**

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

**2.6 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.

**2.7 Tangible fixed assets**

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following basis:

Long-term leasehold property	-	2% straight line
Furniture and equipment	-	20% straight line
Computer equipment	-	25% straight line
Motor vehicles	-	25% straight line

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

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**2. Accounting policies (continued)**

**2.8 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.

**2.9 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.

**2.10 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.

**2.11 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 19. 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 20. 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.

**2.12 Operating leases**

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

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**2. Accounting policies (continued)**

**2.13 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.

**2.14 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.

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**3. 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.

Multi-employer defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, 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:

*Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 17 for the carrying amount of the property, plant and equipment, and note 2.7 for the useful economic lives for each class of assets.

## Notes to the Financial Statements For the Year Ended 31 August 2019

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
<b>Donations</b>				
Transfer of assets on Academies transferred into trust	79,496	(294,853)	2,501,032	2,285,675
Other donations	26,612	5,431	-	32,043
	<u>106,108</u>	<u>(289,422)</u>	<u>2,501,032</u>	<u>2,317,718</u>
<b>Capital Grants</b>	-	-	354,997	354,997
	<u>-</u>	<u>-</u>	<u>354,997</u>	<u>354,997</u>
	<u>106,108</u>	<u>(289,422)</u>	<u>2,856,029</u>	<u>2,672,715</u>

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**THE PATHWAY ACADEMY TRUST**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**5. Funding for the Academy's educational operations**

	<b>Restricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	6,556,782	<b>6,556,782</b>	3,919,099
Start up Grants	-	-	25,000
Other DfE/EFA grants	239,843	<b>239,843</b>	84,340
Pupil Premium	359,844	<b>359,844</b>	218,080
Universal free school meals	249,336	<b>249,336</b>	157,430
	<hr/> 7,405,805	<hr/> <b>7,405,805</b>	<hr/> 4,403,949
<b>Other government grants</b>			
SEN funding	122,296	<b>122,296</b>	70,397
Other government grants	149,078	<b>149,078</b>	62,992
	<hr/> 271,374	<hr/> <b>271,374</b>	<hr/> 133,389
	<hr/> <hr/> 7,677,179	<hr/> <hr/> <b>7,677,179</b>	<hr/> <hr/> 4,537,338

**6. Income from other trading activities**

	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Total funds 2019 £</b>
Catering income	-	88,770	<b>88,770</b>
Consultancy income	-	5,706	<b>5,706</b>
Hire of facilities	32,476	-	<b>32,476</b>
Insurance reclaims	-	23,333	<b>23,333</b>
Extended services income	66,552	-	<b>66,552</b>
School trip income	128,288	20,007	<b>148,295</b>
Other income	11,261	-	<b>11,261</b>
	<hr/> 238,577	<hr/> 137,816	<hr/> <b>376,393</b>
	<hr/> <hr/> 238,577	<hr/> <hr/> 137,816	<hr/> <hr/> <b>376,393</b>



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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Catering income	-	67,446	67,446
Consultancy income	-	2,868	2,868
Hire of facilities	19,858	-	19,858
Insurance reclaims	-	8,236	8,236
Extended services income	44,139	-	44,139
School trip income	70,609	16,121	86,730
Other income	21,494	-	21,494
	<u>156,100</u>	<u>94,671</u>	<u>250,771</u>

**7. Investment income**

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>	<i>Total funds 2018 £</i>
Bank interest	1,015	1,015	1,241
	<u>1,015</u>	<u>1,015</u>	<u>1,241</u>

**8. Expenditure**

	<i>Staff Costs 2019 £</i>	<i>Premises 2019 £</i>	<i>Other 2019 £</i>	<i>Total 2019 £</i>
Expenditure on raising voluntary income:				
Direct costs	-	-	163,220	163,220
Educational Operations:				
Direct costs	5,344,090	-	321,183	5,665,273
Allocated support costs	1,291,659	189,382	1,509,952	2,990,993
	<u>6,635,749</u>	<u>189,382</u>	<u>1,994,355</u>	<u>8,819,486</u>

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

	<i>Staff Costs</i> 2018 £	<i>Premises</i> 2018 £	<i>Other</i> 2018 £	<i>Total</i> 2018 £
Expenditure on raising voluntary income:				
Direct costs	-	-	93,616	93,616
Educational Operations:				
Direct costs	2,841,881	-	278,604	3,120,485
Allocated support costs	945,965	136,389	2,014,546	3,096,900
	<u>3,787,846</u>	<u>136,389</u>	<u>2,386,766</u>	<u>6,311,001</u>

**9. Analysis of expenditure by activities**

	<i>Activities undertaken directly 2019 £</i>	<i>Support costs 2019 £</i>	<i>Total funds 2019 £</i>
Educational Operations	<u>5,665,273</u>	<u>2,990,993</u>	<u>8,656,266</u>

	<i>Activities undertaken directly 2018 £</i>	<i>Support costs 2018 £</i>	<i>Total funds 2018 £</i>
Educational Operations	<u>3,120,485</u>	<u>3,096,900</u>	<u>6,217,385</u>

**Analysis of direct costs**

	<i>Educational Operations 2019 £</i>	<i>Total funds 2019 £</i>	<i>Total funds 2018 £</i>
Staff costs	5,259,988	5,259,988	2,841,881
Educational supplies	260,343	260,343	176,519
Staff development	48,282	48,282	42,831
Educational consultancy	96,660	96,660	59,254
	<u>5,665,273</u>	<u>5,665,273</u>	<u>3,120,485</u>

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**9. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Educational Operations 2019 £</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
LGPS costs	52,000	52,000	34,000
Staff costs	1,281,428	1,281,428	925,472
Depreciation	568,823	568,823	488,893
Technology costs	91,395	91,395	35,460
Recruitment and support costs	39,261	39,261	15,069
Maintenance of premises and equipment	114,566	114,566	121,098
Cleaning	74,816	74,816	15,291
Rent and rates	43,921	43,921	23,645
Energy costs	104,439	104,439	64,601
Insurance	57,250	57,250	53,787
Security and transport	9,551	9,551	7,261
Catering costs	292,846	292,846	173,989
Bank charges	611	611	609
Printing, postage and stationary	11,579	11,579	16,483
Other support costs	131,570	131,570	91,631
Loss on disposal of long term leasehold	-	-	961,920
Agency costs	87,835	87,835	20,493
Governance costs	29,102	29,102	47,198
	<u>2,990,993</u>	<u>2,990,993</u>	<u>3,096,900</u>

**10. Analysis of specific expenses**

Included within expenditure are the following transactions:

	<b>Total £</b>	<b>Individual items above £5,000 Amount £</b>	<b>Reason</b>
Compensation payments	6,498	6,498	Staff restructuring

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**11. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	4,155	3,365
Depreciation of tangible fixed assets	<u>568,823</u>	<u>488,983</u>

**12. Auditors' remuneration**

	2019 £	2018 £
Fees payable to the Academy's auditor and its associates for the audit of the Academy's annual accounts	14,500	9,250
Fees payable to the Academy's auditor and its associates in respect of:		
Audit-related assurance services	6,725	3,450
All other non-audit services not included above	<u>4,000</u>	<u>3,500</u>

**13. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	4,937,486	2,831,565
Social security costs	396,230	229,791
Pension costs	<u>1,207,700</u>	<u>705,997</u>
	6,541,416	3,767,353
Agency staff costs	87,835	20,493
Staff restructuring costs	6,498	-
	<u>6,635,749</u>	<u>3,787,846</u>

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**13. Staff costs (continued)**

**a. Staff costs (continued)**

Staff restructuring costs comprise:

	2019 £	2018 £
Severance payments	6,498	-
	<u>6,498</u>	<u>-</u>

**b. Non-statutory/non-contractual staff severance payments**

During the year, severance payments were made to 1 (2018 - 0) staff member. The severance payment made totalled £6,498 (2018 - £Nil).

**c. Staff numbers**

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

	2019 No.	2018 No.
Teachers	80	54
Administration and support	196	128
Management	30	20
	<u>306</u>	<u>202</u>

**d. 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	2	1
In the band £70,001 - £80,000	2	-
In the band £80,001 - £90,000	2	1
In the band £90,001 - £100,000	1	1
	<u>7</u>	<u>3</u>

During the year ended 31 August 2019 the employers pension contributions for the above staff paid into the Teachers Pension Scheme amount to £83,547 (2018 - £39,818).

**e. 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 £271,281 (2018 - £283,413).

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**14. Central services**

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

- Finance
- Governance
- Human resources
- Educational support

The Academy charges for these services on the following basis:

Central service costs are charged to the individual schools on the basis of 4% of each schools GAG allocation. Meopham Community Academy joined the trust in the year on 1 September 2018 and has therefore contributed a full year.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Culverstone Green Primary	29,933	29,938
Meopham Community Academy	56,598	-
Riverview Infant School	48,513	51,741
Riverview Junior School	65,176	59,992
Wrotham Road Primary	62,052	15,534
<b>Total</b>	<b>262,272</b>	<b>157,205</b>

**15. 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 £
Mrs Nicole Caulfield	Remuneration	85,000 - 90,000	85,000 - 90,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000
Mrs Ruth Doughty	Remuneration	95,000 - 100,000	90,000 - 95,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000
Mrs Andrya Norris (resigned 29 April 2019)	Remuneration	30,000 - 35,000	40,000 - 45,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000

During the year ended 31 August 2019, expenses totalling £170 were reimbursed or paid directly to 1 Trustee (2018 - £994 to 4 Trustees). The expenses reimbursed were for training, travel and other expenses incurred on behalf of the Trust.

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**16. 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.

**17. Net pension interest**

	2019 £	2018 £
Interest income on pension scheme assets	91,000	42,000
Interest on pension scheme liabilities	(143,000)	(76,000)
	<u>(52,000)</u>	<u>(34,000)</u>

**18. Tangible fixed assets**

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 September 2018	17,324,907	254,913	336,811	38,270	17,954,901
Additions	303,012	21,951	27,498	14,810	367,271
On transfer of academy	2,451,827	3,919	47,017	-	2,502,763
At 31 August 2019	<u>20,079,746</u>	<u>280,783</u>	<u>411,326</u>	<u>53,080</u>	<u>20,824,935</u>
<b>Depreciation</b>					
At 1 September 2018	452,307	85,256	135,073	9,568	682,204
Charge for the year	392,647	56,155	106,750	13,271	568,823
At 31 August 2019	<u>844,954</u>	<u>141,411</u>	<u>241,823</u>	<u>22,839</u>	<u>1,251,027</u>
<b>Net book value</b>					
At 31 August 2019	<u>19,234,792</u>	<u>139,372</u>	<u>169,503</u>	<u>30,241</u>	<u>19,573,908</u>
At 31 August 2018	<u>16,872,600</u>	<u>169,657</u>	<u>201,738</u>	<u>28,702</u>	<u>17,272,697</u>

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**19. Debtors**

	2019 £	2018 £
<b>Due within one year</b>		
Trade debtors	5,128	4,741
VAT recoverable	51,102	37,948
Prepayments and accrued income	199,402	195,203
	<u>255,632</u>	<u>237,892</u>

**20. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	53,031	30,210
Other taxation and social security	25,186	25,186
Accruals and deferred income	433,034	160,581
	<u>511,251</u>	<u>215,977</u>

	2019 £	2018 £
Deferred income at 1 September 2018	116,538	82,227
Resources deferred during the year	174,737	116,538
Amounts released from previous periods	(116,538)	(82,227)
	<u>174,737</u>	<u>116,538</u>

Deferred income consists mainly of Universal Infant Free School Meals grant income received in 2018/19 in respect of 2019/20.



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**21. Statement of funds**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>						
Unrestricted funds	251,213	345,700	(163,220)	(50,350)	-	383,343
<b>Restricted general funds</b>						
General annual grant (GAG)	710,186	6,556,782	(6,191,590)	(103,130)	-	972,248
Other DfE/ESFA grants	-	239,844	(239,844)	-	-	-
Pupil premium	-	359,844	(359,844)	-	-	-
Local authority grant	-	271,374	(271,374)	-	-	-
Other generated income	-	137,815	(137,815)	-	-	-
Inherited on academies transferred in	-	205,147	(205,147)	-	-	-
Other restricted funds	-	5,431	(5,431)	-	-	-
UIFSM	-	249,336	(249,336)	-	-	-
Pension reserve	(1,646,000)	(500,000)	(428,000)	-	(717,000)	(3,291,000)
	<u>(935,814)</u>	<u>7,525,573</u>	<u>(8,088,381)</u>	<u>(103,130)</u>	<u>(717,000)</u>	<u>(2,318,752)</u>
<b>Restricted fixed asset funds</b>						
Assets held for depreciation	17,272,697	351,921	(568,823)	2,518,113	-	19,573,908
Capital funds	11,343	3,076	938	136,399	-	151,756
Fixed assets inherited on academies transferred in	-	2,501,032	-	(2,501,032)	-	-
Other restricted funds	6,077	-	-	-	-	6,077
	<u>17,290,117</u>	<u>2,856,029</u>	<u>(567,885)</u>	<u>153,480</u>	<u>-</u>	<u>19,731,741</u>
<b>Total Restricted funds</b>	<u>16,354,303</u>	<u>10,381,602</u>	<u>(8,656,266)</u>	<u>50,350</u>	<u>(717,000)</u>	<u>17,412,989</u>

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**21. Statement of funds (continued)**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Total funds</b>	<b>16,605,516</b>	<b>10,727,302</b>	<b>(8,819,486)</b>	<b>-</b>	<b>(717,000)</b>	<b>17,796,332</b>

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

Unrestricted funds are applied to the general work of the academy to support activities inside and outside the curriculum.

Restricted funds are applied specifically in accordance with the rules of each grant and support the education provision delivered by the academy.

Restricted fixed asset funds are applied to the maintenance and improvement of all the academy's fixed assets.

The transfer of funds relates to the purchase of fixed assets during the period.

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.

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Culverstone Green Primary	174,268	131,807
Meopham Community Academy	279,881	-
Riverview Infant School	209,854	190,463
Riverview Junior School	290,744	357,701
Wrotham Road Primary	298,973	207,517
Central	101,871	73,911
<b>Total before fixed asset funds and pension reserve</b>	<b>1,355,591</b>	<b>961,399</b>
Restricted fixed asset fund	19,731,741	17,290,117
Pension reserve	(3,291,000)	(1,646,000)
<b>Total</b>	<b>17,796,332</b>	<b>16,605,516</b>

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**21. Statement of funds (continued)**

**Total cost analysis by academy**

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £
Culverstone Green Primary	594,333	94,977	40,611	147,837	877,758
Meopham Community Academy	1,080,561	169,423	61,902	303,589	1,615,475
Riverview Infant School	979,908	168,584	53,700	232,848	1,435,040
Riverview Junior School	1,211,180	268,458	72,452	281,196	1,833,286
Wrotham Road Primary	1,272,676	207,719	41,693	254,326	1,776,414
Central	121,330	84,102	-	507,258	712,690
<b>Academy</b>	<b>5,259,988</b>	<b>993,263</b>	<b>270,358</b>	<b>1,727,054</b>	<b>8,250,663</b>

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**21. 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>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
<b>Unrestricted funds</b>					
Unrestricted funds	243,346	179,482	(171,615)	-	251,213
<b>Restricted funds</b>					
General annual grant (GAG)	136,330	3,919,099	(3,345,243)	-	710,186
Other DfE/ESFA grants	4,002	84,340	(88,342)	-	-
Pupil premium	-	218,080	(218,080)	-	-
Local authority grant	-	158,389	(158,389)	-	-
Other generated income	-	94,671	(94,671)	-	-
Inherited on conversion	-	392,304	(392,304)	-	-
Other restricted funds	(13,867)	2,981	10,886	-	-
UIFSM	-	157,430	(157,430)	-	-
Pension reserve	(845,000)	(1,089,000)	(245,000)	533,000	(1,646,000)
	(718,535)	3,938,294	(4,688,573)	533,000	(935,814)
<b>Restricted fixed asset funds</b>					
Assets held for depreciation	3,621,823	3,915,503	(1,450,813)	-	6,086,513
Capital funds	49,132	23,869	-	-	73,001
Fixed assets inherited on conversion	-	11,124,526	-	-	11,124,526
Other restricted funds	6,077	-	-	-	6,077
	3,677,032	15,063,898	(1,450,813)	-	17,290,117
<b>Total Restricted funds</b>	2,958,497	19,002,192	(6,139,386)	533,000	16,354,303
<b>Total funds</b>	3,201,843	19,181,674	(6,311,001)	533,000	16,605,516

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**22. 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	-	-	19,573,908	19,573,908
Current assets	383,343	1,483,499	157,833	2,024,675
Creditors due within one year	-	(511,251)	-	(511,251)
Provisions for liabilities and charges	-	(3,291,000)	-	(3,291,000)
<b>Total</b>	<b>383,343</b>	<b>(2,318,752)</b>	<b>19,731,741</b>	<b>17,796,332</b>

**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	-	-	17,272,697	17,272,697
Current assets	240,170	937,206	17,420	1,194,796
Creditors due within one year	11,043	(227,020)	-	(215,977)
Provisions for liabilities and charges	-	(1,646,000)	-	(1,646,000)
<b>Total</b>	<b>251,213</b>	<b>(935,814)</b>	<b>17,290,117</b>	<b>16,605,516</b>

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**23. Reconciliation of net income to net cash flow from operating activities**

	2019 £	2018 £
Net income for the year (as per Statement of financial activities)	1,907,816	12,870,673
<b>Adjustments for:</b>		
Depreciation	568,823	488,895
Capital grants from DfE and other capital income	(354,997)	(3,939,372)
Interest receivable	(1,015)	(1,241)
Defined benefit pension scheme cost less contributions payable	428,000	245,000
Increase in debtors	(17,740)	(120,662)
Increase in creditors	295,274	49,659
Loss on the sale of fixed assets	-	961,920
Fixed assets inherited on conversion	(2,501,032)	(11,124,526)
Net gain on assets and liabilities from local authority on conversion	500,000	1,089,000
<b>Net cash provided by operating activities</b>	<b>825,129</b>	<b>519,346</b>

**24. Cash flows from financing activities**

	2019 £	2018 £
Repayments of borrowing	(1,731)	-
<b>Net cash (used in)/provided by financing activities</b>	<b>(1,731)</b>	<b>-</b>

**25. Cash flows from investing activities**

	2019 £	2018 £
Dividends, interest and rents from investments	1,015	1,241
Purchase of tangible fixed assets	(367,271)	(3,977,161)
Capital grants from DfE Group	123,514	23,869
Capital funding received from sponsors and others	231,483	3,915,503
<b>Net cash used in investing activities</b>	<b>(11,259)</b>	<b>(36,548)</b>

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**26. Analysis of cash and cash equivalents**

	2019 £	2018 £
Cash in hand	1,769,043	956,904
<b>Total cash and cash equivalents</b>	<b>1,769,043</b>	<b>956,904</b>

**27. Contingent liabilities**

During the period of the funding agreement, should any asset for which a capital grant was received be sold or otherwise disposed of, in the event of the Academy not reinvesting the proceeds, it will be required to pay the grant related proportion of the proceeds to the ESFA.

Should the funding agreement be terminated for any reason, the Academy shall repay to the ESFA the current value of the academy's land and buildings and other assets, to the extent that such assets were funded by sums received from the ESFA.

**28. 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.

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

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

**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.

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**28. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 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 £505,874 (2018 - £284,769).

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.

**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 £422,000 (2018 - £252,000), of which employer's contributions totalled £333,000 (2018 - £193,000) and employees' contributions totalled £ 89,000 (2018 - £59,000). The agreed contribution rates for future years are 20.0 per cent for employers and variable 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.



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**28. Pension commitments (continued)**

**Principal actuarial assumptions**

	2019	2018
	%	%
Discount rate for scheme liabilities	1.90	2.65
Expected return on scheme assets at 31 August	5.00	4.00
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Inflation assumption (CPI)	2.20	2.30
Commutation of pensions to lump sums	50.00	50.00

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.1	23.1
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	23.7	25.3
Females	25.8	27.5

**Sensitivity analysis**

	2019	2018
	£000	£000
Discount rate +0.1%	6,884	3,956
Discount rate -0.1%	7,245	4,162
Mortality assumption - 1 year increase	7,306	4,188
Mortality assumption - 1 year decrease	6,826	3,932
CPI rate +0.1%	7,086	4,074
CPI rate -0.1%	7,038	4,042

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**28. Pension commitments (continued)**

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	2,570,000	1,644,000
Gilts	27,000	19,000
Other bonds	340,000	214,000
Property	440,000	298,000
Cash and other liquid assets	101,000	74,000
Absolute return fund	293,000	163,000
<b>Total market value of assets</b>	<b>3,771,000</b>	<b>2,412,000</b>

The actual return on scheme assets was £154,000 (2018 - £59,000).

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

	2019 £	2018 £
Current service cost	(613,000)	(404,000)
Past service cost	(95,000)	-
Interest income	91,000	42,000
Interest cost	(143,000)	(76,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(760,000)</b>	<b>(438,000)</b>

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

	2019 £	2018 £
<b>At 1 September</b>	<b>4,058,000</b>	<b>1,765,000</b>
Conversion of academy trusts	-	2,274,000
Transferred in on existing academies joining the trust	1,317,000	-
Current service cost	613,000	404,000
Interest cost	143,000	76,000
Employee contributions	89,000	59,000
Actuarial losses/(gains)	780,000	(516,000)
Benefits paid	(33,000)	(4,000)
Past service costs	95,000	-
<b>At 31 August</b>	<b>7,062,000</b>	<b>4,058,000</b>

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**28. Pension commitments (continued)**

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

	2019 £	2018 £
<b>At 1 September</b>	<b>2,412,000</b>	<b>920,000</b>
Conversion of academy trusts	-	1,185,000
Transferred in on existing academies joining the trust	817,000	-
Interest income	91,000	42,000
Actuarial gains	63,000	17,000
Employer contributions	333,000	193,000
Employee contributions	89,000	59,000
Benefits paid	(33,000)	(4,000)
Administration expenses	(1,000)	-
<b>At 31 August</b>	<b>3,771,000</b>	<b>2,412,000</b>

**29. 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 £	2018 £
Not later than 1 year	2,374	3,114
Later than 1 year and not later than 5 years	696	1,948
Later than 5 years	-	464
	<b>3,070</b>	<b>5,526</b>

The following lease payments have been recognised as an expense in the Statement of financial activities:

	2019 £	2018 £
Operating lease rentals	4,155	3,365

**30. 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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**Notes to the Financial Statements**  
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**31. 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 trustee 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.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 14.

**32. Transfer of existing academies into the academy**

**Meopham Community Academy**

	Value reported by transferring trust £	Transfer in recognised £
<b>Tangible fixed assets</b>		
Long-term leasehold property	2,451,827	2,451,827
Furniture and equipment	3,919	3,919
Computer equipment	47,017	47,017
<b>Current assets</b>		
Debtors due within one year	96,546	96,546
Cash at bank and in hand	328,453	328,453
<b>Liabilities</b>		
Creditors due within one year	(142,108)	(142,108)
<b>Pensions</b>		
Pensions - pension scheme assets	817,000	817,000
Pensions - pension scheme liabilities	(1,317,000)	(1,317,000)
<b>Net assets</b>	<u>2,285,654</u>	<u>2,285,654</u>