



THE PATHWAY ACADEMY TRUST

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

Registered Company N°9782388

THE PATHWAY ACADEMY TRUST

(A company limited by guarantee)

Annual report and financial statements

for the period ended 31 August 2016

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THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

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Reference and administrative details
for the period ended 31 August 2016

Members	Mrs Nicole Caulfield (appointed 17 September 2015) Mr Alan Wallaker (appointed 17 September 2015) Mrs Ruth Doughty (appointed 17 September 2015) Mrs Jan Bennett (appointed 17 September 2015)
Trustees	Janine Bennett (appointed 17 September 2015) Dawn Bramer (appointed 17 September 2015) Nicole Caulfield (appointed 17 September 2015) Gail Cox (appointed 17 September 2015) Ruth Doughty (appointed 17 September 2015) Robin Friday, Chairman (appointed 17 September 2015) Helena Gula (appointed 17 September 2015) Mark Law (appointed 17 September 2015) ² Jennifer Margetson (appointed 17 September 2015) Andrya Norris (appointed 17 September 2015) Alan Wallaker (appointed 17 September 2015) ¹
	¹ Director Responsible for Finance ² Director Responsible for Audit
Company registered number	09782388
Company name	The Pathway Academy Trust
Principal and registered office	Culverstone Green Primary School Wrotham Road Meopham Kent DA13 0RF
Company secretary	Mr Ronald Dale
Senior management team	Ruth Doughty, Headteacher (Culverstone Green Primary School) Nicole Caulfield, Headteacher (Riverview Infants School) Andrya Norris, Business Manager
Independent auditors	Williams Giles Chartered Accountants Registered Auditors 12 Conqueror Court Sittingbourne Kent ME10 5BH
Bankers	Lloyds Bank PLC 78 New Road Gravesend DA11 0AR
Solicitors	Mr Brendan Roodt Brait Ltd 67 Lapins lane Kings Hill West Malling ME19 4LE

THE PATHWAY ACADEMY TRUST
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Trustees' report
for the period ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 01 October 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust operates one primary and one infant academy in Gravesham, Kent. These are Culverstone Green Primary School (CGPS) and Riverview Infant School (RVIS) Its academies have a combined pupil capacity of 570 and had a roll of 567 in the school census on January 2016.

Structure, governance and management

a. Constitution

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

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

The Directors of The Pathway Academy Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as The Pathway Academy Trust .

Details of the Directors who served during the period 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.

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Trustees' report (continued)
for the period ended 31 August 2016

c. Method of recruitment and appointment or election of Trustees

The members of the academy trust shall comprise the signatories to the Memorandum and any person appointed under Article 15A provided that at any time the number of Members shall not be less than three. Any Member may resign provided that after such resignation the number of Members is not less than three.

Each of the persons entitled to appoint Members shall have the right, from time to time by written notice delivered to the Office, to remove any Member appointed by them and to appoint a replacement Member to fill a vacancy whether resulting from such removal or otherwise.

The Members can appoint up to 12 Directors under Article 50 and may appoint Staff Directors under Article 50AA through any process they determine. The number of Directors shall be not less than three but shall not be subject to a maximum.

The first Directors of The Pathway Academy Trust are those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006.

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 of School, a minimum of two Directors and a Local Staff Governor.

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

d. Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Directors will depend on their existing experience and tends to be done informally 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.

e. Pay policy for key management personnel

The Board of Directors of The Pathway Academy Trust are responsible for the performance management and pay awards of the Headteachers of each academy.

The Chief Executive Officers are responsible for the performance management and pay award of the Trust Business Manager.

The Local Governing Body of each academy will receive pay recommendations for the Senior Leadership Team from the Headteacher.

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 Councils Kent Range Pay Scheme.

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Trustees' report (continued)
for the period ended 31 August 2016

f. Organisational structure

The structure consists of three management levels: The Pathway Academy Trust Board, the Local Governing Bodies and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Board of Directors are 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 Senior Leadership Team consists of the Headteachers, Deputy Headteachers, 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 local governing body or the 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. Connected organisations, including related party relationships

The Pathway Academy Trust does not currently have any related parties or other connected charities or organisations.

h. 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 academy trust.

The RPA Administrator's Limit of Liability in respect of each academy shall be £10,000,000 each and every Loss and shall be the maximum aggregate liability of the RPA Administrator from all Losses from an academy whose academy trust is a member during any one membership year.

Objectives and Activities

a. Objects and aims

The principal object of The Pathway Academy Trust is specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular but without dice 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.

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Trustees' report (continued)
for the period ended 31 August 2016

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:

- Teaching & Learning: deliver outstanding outcomes for children
- Staff: disseminating good practice and providing excellent development opportunities and resources
- Strategic leadership: provide an excellent framework of governance and leadership and build a strong reputation as a successful and high quality educational organisation

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.

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Trustees' report (continued)
for the period ended 31 August 2016

Achievements and performance

The Pathway Academy Trust opened in October 2015 with two academies both of which were graded as good by Ofsted.

- Leadership including the quality of governance is recognised as a strength in both academies.
- The quality of teaching is good/outstanding in both academies.

No school is below floor standards in 2016.

Primary:

2016 KS1 results – above national average

		School		Kent		National	
		All	FSM	All	FSM	All	FSM
Reading	% Expected Standard+	80.0	0.0	78.2	63.6	74.0	N/A
Writing	% Expected Standard+	76.7	0.0	71.3	55.0	65.5	N/A
Maths	% Expected Standard+	83.3	0.0	77.5	63.1	72.6	N/A
Reading	% Greater Depth	16.7	0.0	24.6	12.2	23.6	N/A
Writing	% Greater Depth	13.3	0.0	15.1	6.3	13.3	N/A
Maths	% Greater Depth	16.7	0.0	18.5	8.4	17.8	N/A

2016 KS2 results – above national average

		School		Kent		National	
		All	FSM	All	FSM	All	FSM
R/W/M	% Expected Standard+	55.0	20.0	58.0	41.2	53.0	
R/W/M	% Higher Standard	10.3	0.0	6.0	1.5	5.0	
Reading	% Expected Standard+	72.4	60.0	69.0	54.7	66.0	
Reading	% High Score (110+)	34.5	0.0	21.0	10.4	19.0	
Writing	% Expected Standard+	86.0	60.0	80.0	67.5	74.0	
Writing	% Greater Depth	10.7	0.0	15.0	6.1	15.0	
GPS	% Expected Standard+	83.0	80.0	72.0	57.2	72.0	
GPS	% High Score (110+)	17.2	0.0	22.0	11.4	23.0	
Maths	% Expected Standard+	72.4	40.0	71.0	57.1	70.0	
Maths	% High Score (110+)	17.2	0.0	17.0	7.5	17.0	
Reading	Average Scaled Score	105.4	101.8	103.0	100.3	103.0	
GPS	Average Scaled Score	104.3	99.6	104.0	101.0	104.0	
Maths	Average Scaled Score	103.3	97.8	103.0	100.6	103.0	

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Trustees' report (continued)
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Infant:
2016 KS1 results – above national average

		School		Kent		National	
		All	FSM	All	FSM	All	FSM
Reading	% Expected Standard+	83.2	92.3	78.2	63.6	74	N/A
Writing	% Expected Standard+	81.5	84.6	71.3	55	65.5	N/A
Maths	% Expected Standard+	84.9	92.3	77.5	63.1	72.6	N/A
Reading	% Greater Depth	25.2	7.7	24.6	12.2	23.6	N/A
Writing	% Greater Depth	17.6	7.7	15.1	6.3	13.3	N/A
Maths	% Greater Depth	23.5	7.7	18.5	8.4	17.8	N/A

a. Key financial performance indicators

Culverstone Green Primary School - KPI	2015-16
Total Staff Costs	603,190
Salary Costs to EFA Revenue Income (%)	84.59
Salary Costs to Total Income (%)	53.45
Salary Costs as % Total Expense	71.73
FTE Teaching Staff	9
FTE Support Staff	11.4
Total FTE	20.4
Total Pupil Numbers (October 2014)	203
Pupil Teacher Ratio (Based on Oct 2014)	22.56

Riverfew Infant School - KPI	2015-16
Total Staff Costs	1,120,290
Salary Costs to EFA Revenue Income (%)	85.7
Salary Costs to Total Income (%)	65.5
Salary Costs as % Total Expense	72.99
FTE Teaching Staff	15.6
FTE Support Staff	19.2
Total FTE	34.8
Total Pupil Numbers (October 2014)	359
Pupil Teacher Ratio (Based on Oct 2014)	23.01

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Trustees' report (continued)
for the period ended 31 August 2016

Financial review

Most of the academy's income is obtained from the Education Funding Agency (EFA) and the Local Authority in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 August 2016, total expenditure of £2,522,687 [Total expenditure] was met by recurrent grant funding from the EFA 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 £250,260 [Surplus income].

At 31 August 2016 the net book value of fixed assets was £4,692,223 [NBV]. Movements in tangible fixed assets are shown in note 18 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

The FRS102 report for the defined benefit pension scheme indicated that the Academies liability for the Local Government Pension Scheme is £966,000 as at 31st August 2016. This is an increase of £511,000 [increased liability] on the figure provided on conversion (£455,000 deficit).

a. Going concern

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

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Trustees' report (continued)
for the period ended 31 August 2016

b. 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 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:

Perceived Risks on the Basis of Analysis	Mitigating Actions
<p>Loss or failure to recruit key staff:</p> <p>Headteachers Trust Business Manager Teachers Support Staff</p>	<p>The Board of Directors have agreed to retain for the immediate future the national terms and conditions and pay scales for all staff. All staff have regular appraisals and are supported to undergo personal development and training.</p> <p>Headteachers are engaged with Schools Direct and are supporting internal teacher training.</p> <p>Recruitment of an assistant to the Trust Business Manager.</p>
<p>One or more of the academies has insufficient pupil numbers/resources to set an ongoing balanced budget.</p>	<p>Publicity brochures are being redesigned in line with the trust brand and will be provided to all prospective parents at open days. Positive links are formed with local nurseries. Advertising takes place in local publications.</p>
<p>Loss of one or more buildings</p>	<p>Full condition surveys have been carried out at all sites and a plan of works is in place for all major repairs required.</p> <p>A full health and safety audit and a fire risk assessment and has been carried out at all sites.</p> <p>Insurances are in place for key risks.</p> <p>A disaster/business recovery plan has been produced for the Trust.</p> <p>The TBM works in a hosted environment which can be accessed securely from any site. Remote access is also available to key admin staff.</p>

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Trustees' report (continued)
for the period ended 31 August 2016

c. Reserves policy

The directors review the reserve levels of the academy 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 £210,000 [monthly expenditure].

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 academy's current level of free reserves is £260,740 [Free reserves] (total funds less the amount held in fixed assets and restricted funds).

d. Material investments policy

The Pathway Academy Trust does not currently have an investment policy as there are no investments. Should a decision be taken to consider a strategy requiring investment, this would be enshrined in policy.

Plans for future periods

a. Future developments

The Trust plans for future growth in the number of academies it runs; these will be located in a Gravesham hub. Beyond the chart below, we plan to bid for a free school opening in 2020 and Culverstone Green Nursery will be joining the Trust.

Academic year									
2015/16			2016/17			2017/8			Total
Conv	Spons	Free school/new provision	Conv	Spons	Free school/new provision	Conv	Spons	Free school/new provision	
2				1		2			5
RVIS									
CGPS									

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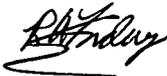
Trustees' report (continued)
for the period ended 31 August 2016

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that directors is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that directors has taken all the steps that ought to have been taken as a directors in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by order of the board of Directors on 13 December 2016 and signed on its behalf by:



Robin Friday
Chairman

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 directors 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. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of directors has formally met 4 times during the period. Attendance during the period at meetings of the board of directors was as follows:

Trustee	Meetings attended	Out of a possible
Janine Bennett	3	3
Dawn Bramer	4	4
Nicole Caulfield	4	4
Gail Cox	4	4
Ruth Doughty	3	4
Robin Friday, Chairman	4	4
Helena Gula	4	4
Mark Law	4	4
Jennifer Margetson	4	4
Andrya Norris	4	4
Alan Wallaker	3	4

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 & safety of the Trust as well as the standards of both 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.

Governance Review:

The Members of The Pathway Academy Trust appointed Directors from both school's governing bodies to serve on the Board based on the results of a skill set audit, completed by each school prior to academy conversion. The directors have a wealth of experience in business, accountancy and education.

A new Chairperson and Vice Chair will be elected to the Board of Directors at the first meeting of each academic year. A review of the trusts governance arrangements will also take place.

The Pathway Academy Trust does not currently have separate committees for Finance and Audit. All financial matters are presented to the board as a whole; however Mr Alan Wallaker is currently the Director Responsible for Finance and Mr Mark Law has responsibility for the trusts financial controls and audit.

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Governance Statement (continued)

Culverstone Green Primary School LGB

The LGB has formally met twice during the year. Each member of the LGB was appointed on 1 October 2015 unless otherwise indicated. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Jan Bennett (Chair)	2	2
Ruth Doughty (Head Teacher)	2	2
Gail Cox	2	2
Dawn Bramer	2	2
Helana Gula	2	2
Phil Jack	2	2
Priva Shome (Appointed 22/02/2016)	1	1
Nicola Vincent (Appointed 13/05/2016)	0	0
Faye Howlett (Appointed 13/6/2016)	0	0

Riverview Infant School LGB

The LGB has met formally four times during the year. Each member of the LGB was appointed on 1 October 2015 unless otherwise indicated. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Robin Friday (Chairman)	4	4
Nicole Caulfield (Head Teacher)	4	4
Michael Beck	3	4
Clare Donnell	3	4
Sue Garrard	4	4
Jacqui Hutchison	4	4
Hits Patel	3	4
Peter Harris (Appointed 06/01/2016)	3	3

Review of Value for money

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

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of directors 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
- combined training and Inset days, promoting team work, collaborative working, a trust centred approach to learning. Additional benefit of economies of scale on the cost of outside training providers.

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Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Pathway Academy Trust for the period 01 October 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the period 01 October 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of directors;
- regular reviews by the Board of Directors 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 directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Williams Giles, the external auditors, to perform additional checks.

A range of additional checks were performed on the academy trust's financial systems. In particular the checks carried out in the current period included:

- review of accounting structure and financial operations upon conversion to academy status
- delegation of authority and segregation of duties across the trust
- review of purchase cards

At each stage of our first year, an informal review of our processes and procedures took place and no concerns were identified. The formal system of three reviews a year will commence from the 1 September 2016.

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Governance Statement (continued)

Review of Effectiveness

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- 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 Board of Directors and ensures continuous improvement of the system is in place.

Approved by order of the members of the board of directors on 13 December 2016 and signed on their behalf, by:



Robin Friday
Chairman



Ruth Doughty
Accounting Officer

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Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Pathway Academy Trust I have considered my responsibility to notify the academy trust board of directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 directors and EFA.



Ruth Doughty
Accounting Officer

Date: 13 December 2016

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Statement of Trustees' responsibilities
for the period ended 31 August 2016

The Trustees (who act as governors of The Pathway Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/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 directors on 13 December 2016 and signed on its behalf by:



Robin Friday
Chairman

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of The Pathway Academy Trust

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of The Pathway Academy Trust

Matters on which we are required to report by exception

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

- 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.



Alyson Howard FCCA DChA CF (Senior statutory auditor)

for and on behalf of

Williams Giles

Chartered Accountants

Registered Auditors

12 Conqueror Court

Sittingbourne

Kent

ME10 5BH

Date: 19 December 2016

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Independent reporting auditors' assurance report on regularity to The Pathway Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 20 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 period 17 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Pathway Academy Trust and the EFA 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 the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Pathway Academy Trust and the EFA, 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 auditors

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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 17 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

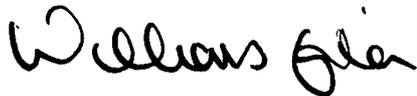
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

**Independent reporting auditors' assurance report on regularity to The Pathway Academy Trust and the
Education Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 17 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Williams Giles
Chartered Accountants
Registered Auditors
12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date: 19 December 2016

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

**Statement of financial activities incorporating income and expenditure account
for the period ended 31 August 2016**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Income from:				
Donations & capital grants:				
Transfer of assets on conversion	2	270,915	(455,000)	4,760,361
Other donations and capital grants	2	9,120	4,334	46,677
Charitable activities	3	-	2,193,897	-
Other trading activities	4	58,645	80,764	-
Investments	5	954	-	-
Total income	339,634	1,823,995	4,807,038	6,970,667
Expenditure on:				
Raising funds	6	31,250	-	-
Charitable activities		-	2,358,064	1,097,282
Total expenditure	9	31,250	2,358,064	1,097,282
Net income / (expenditure) before transfers		308,384	(534,069)	3,709,756
Transfers between Funds	20	(108,068)	33,071	74,997
Net income / (expenditure) before other recognised gains and losses		200,316	(500,998)	3,784,753
Actuarial losses on defined benefit pension schemes	26	-	(461,000)	-
Net movement in funds		200,316	(961,998)	3,784,753
Reconciliation of funds:				
Total funds brought forward		-	-	-
Total funds carried forward		200,316	(961,998)	3,784,753

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

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

Balance sheet
as at 31 August 2016

	Note	£	2016 £
Fixed assets			
Tangible assets	17		3,728,331
Current assets			
Debtors	18	124,915	
Cash at bank and in hand		327,365	
		452,280	
Creditors: amounts falling due within one year	19	(191,540)	
Net current assets			260,740
Total assets less current liabilities			3,989,071
Defined benefit pension scheme liability	26		(966,000)
Net assets including pension scheme liabilities			3,023,071
Funds of the academy			
Restricted income funds:			
Restricted income funds	20	4,002	
Restricted fixed asset funds	20	3,784,753	
		3,788,755	
Restricted income funds excluding pension liability			
Pension reserve		(966,000)	
		2,822,755	
Total restricted income funds			2,822,755
Unrestricted income funds	20		200,316
Total funds			3,023,071

The financial statements were approved by the Trustees, and authorised for issue, on 13 December 2016 and are signed on their behalf, by:



Robin Friday

Chairman of Trustees

The notes on pages 25 to 44 form part of these financial statements.

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Statement of cash flows
for the period ended 31 August 2016

		Period Ended 31 August 2016 £
	Note	
Cash flows from operating activities		
Net cash provided by operating activities	22	<u>359,229</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments		937
Purchase of tangible fixed assets		(65,252)
Capital grants from DfE/EFA		<u>14,323</u>
Net cash used in investing activities		<u>(49,992)</u>
Change in cash and cash equivalents in the period		309,237
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	23	<u><u>309,237</u></u>

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the period ended 31 August 2016

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Pathway Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

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

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

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the period ended 31 August 2016

1. Accounting policies (continued)

1.4 Expenditure

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

Costs of raising funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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

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

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the period ended 31 August 2016

1. Accounting policies (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

1.7 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 Bank.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the period ended 31 August 2016

1. Accounting policies (continued)

1.13 Taxation

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

1.14 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 and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the period ended 31 August 2016

1. Accounting policies (continued)

1.15 Conversion to an academy trust

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

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

Further details of the transaction are set out in note 24.

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the period ended 31 August 2016

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Transfer of assets on conversion	270,915	(455,000)	4,760,361	4,576,276
Donations	9,120	4,334	32,354	45,808
Capital Grants	-	-	14,323	14,323
Subtotal	9,120	4,334	46,677	60,131
Total donations and capital grants	280,035	(450,666)	4,807,038	4,636,407

3. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
DfE/EFA grants			
General Annual Grant (GAG)	-	1,935,376	1,935,376
Pupil premium	-	84,967	84,967
Other DfE/EFA grants	-	147,647	147,647
	-	2,167,990	2,167,990
Other government grants			
Local authority grants	-	25,297	25,297
Other government grants	-	610	610
	-	25,907	25,907
	-	2,193,897	2,193,897

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the period ended 31 August 2016

4. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Catering income	-	5,347	5,347
Consultancy income	-	55,381	55,381
Hire of facilities	14,246	-	14,246
Insurance reclaims	-	20,036	20,036
Extended services income	19,902	-	19,902
School trip income	18,602	-	18,602
Other income	5,895	-	5,895
	<u>58,645</u>	<u>80,764</u>	<u>139,409</u>

5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Bank interest	954	-	954
	<u>954</u>	<u>-</u>	<u>954</u>

6. Expenditure on raising funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Extended services expenditure	2,370	-	2,370
School trip expenditure	19,447	-	19,447
Other expenditure	9,433	-	9,433
	<u>31,250</u>	<u>-</u>	<u>31,250</u>

7. Direct costs

	Educational Operations £	Total 2016 £
Educational supplies	94,744	94,744
Staff development	24,968	24,968
Educational consultancy	36,351	36,351
Wages and salaries	1,493,872	1,493,872
	<u>1,649,935</u>	<u>1,649,935</u>

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the period ended 31 August 2016

8. Support costs

	Educational Operations £	Total 2016 £
LGPS costs	15,000	15,000
Recruitment and support costs	21,445	21,445
Maintenance of premises and equipment	35,191	35,191
Cleaning	1,995	1,995
Rent and rates	7,640	7,640
Energy costs	26,858	26,858
Insurance	23,874	23,874
Security and transport	2,124	2,124
Catering costs	129,231	129,231
Bank charges	344	344
Printing, postage and stationary	38,167	38,167
Other support costs	27,279	27,279
Agency costs	17,778	17,778
Governance costs	57,387	57,387
Wages and salaries	268,816	268,816
Pension cost	35,000	35,000
Depreciation	1,097,282	1,097,282
	<u>1,805,411</u>	<u>1,805,411</u>

9. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £
Expenditure on raising voluntary income	-	-	31,250	31,250
Educational Operations:				
Direct costs	1,493,872	-	156,063	1,649,935
Support costs	321,594	171,210	1,312,607	1,805,411
	<u>1,815,466</u>	<u>171,210</u>	<u>1,499,920</u>	<u>3,486,596</u>

In 2016, of the total expenditure, £31,250 was to unrestricted funds and £3,455,346 was to restricted funds.

10. Net incoming resources/(resources expended)

This is stated after charging:

	Period Ended 31 August 2016 £
Depreciation of tangible fixed assets: - owned by the charity	<u>1,097,282</u>

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the period ended 31 August 2016

11. Auditors' remuneration

	Period Ended 31 August 2016 £
Fees payable to the academy's auditor in respect of:	
The auditing of accounts of associates of the academy	6,400
Audit-related assurance services	1,300
All other non-audit services not included above	6,050
	<hr/> <hr/>

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the period ended 31 August 2016

12. Staff costs

Staff costs were as follows:

	Period Ended 31 August 2016 £
Wages and salaries	1,762,688
Operating costs of defined benefit pension schemes	35,000
	1,797,688
Supply teacher costs	17,778
	1,815,466

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

	Period Ended 31 August 2016 No.
Teachers	26
Administration and support	79
Management	10
	115

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

	Period Ended 31 August 2016 No.
In the band £60,001 - £70,000	1
In the band £70,001 - £80,000	1

During the year ended 31 August 2016 the employers pension contributions for the above school paid into the Teachers Pension Scheme amounted to £22,733.

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 £195,800.

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

Notes to the financial statements
for the period ended 31 August 2016

13. 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 the pupil number ratio. For the year ended 31 August 2016 the ration was 1:1.7 Culverstone Green Primary School : Riverview Infant School.

The actual amounts charged during the year were as follows:

	Period Ended 31 August 2016 £
Culverstone Green Primary	23,515
Riverview Infant School	41,292
	64,807
Total	64,807

14. Trustees' remuneration and expenses

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

		Period Ended 31 August 2016 £
Nicole Caulfield	Remuneration	70,000-75,000
	Pension contributions paid	10,000-15,000
Ruth Doughty	Remuneration	60,000-65,000
	Pension contributions paid	10,000-15,000
Andrya Norris	Remuneration	30,000-35,000
	Pension contributions paid	5,000-10,000

During the period, no Trustees received any reimbursement of expenses.

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15. Trustees' and Officers' Insurance

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

16. Net pension interest

	Period Ended 31 August 2016 £
Interest income on pension scheme assets	19,000
Interest on pension scheme liabilities	(34,000)
	(15,000)
	(15,000)

17. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
Additions	44,058	1,333	19,861	65,252
Assets transferred on conversion	4,594,000	84,353	82,008	4,760,361
At 31 August 2016	4,638,058	85,686	101,869	4,825,613
Depreciation				
Charge for the period	1,054,678	17,137	25,467	1,097,282
At 31 August 2016	1,054,678	17,137	25,467	1,097,282
Net book value				
At 31 August 2016	3,583,380	68,549	76,402	3,728,331

18. Debtors

	2016 £
Trade debtors	9,821
Other debtors	85,292
Prepayments and accrued income	29,802
	124,915
	124,915

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19. Creditors: Amounts falling due within one year

	2016 £
Trade creditors	33,213
Other taxation and social security	29,436
Other creditors	30,642
Accruals and deferred income	98,249
	191,540
	£
Deferred income	
Deferred income at 17 September 2015	-
Resources deferred during the year	84,761
	84,761

Deferred income consists of Universal Infant Free School Meals grant income received in 2015/16 in respect of 2016/17.

20. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	-	68,719	(31,250)	162,847	-	200,316
Assets inherited on conversion	-	270,915	-	(270,915)	-	-
	-	339,634	(31,250)	(108,068)	-	200,316
Restricted funds						
General annual grant (GAG)	-	1,939,710	(1,972,781)	33,071	-	-
Other DfE/EFA grants	-	147,647	(143,645)	-	-	4,002
Pupil premium	-	84,967	(84,967)	-	-	-
Local authority grant	-	25,907	(25,907)	-	-	-
Other generated income	-	80,764	(80,764)	-	-	-
Pension deficit inherited on conversion	-	(455,000)	-	455,000	-	-
Pension reserve	-	-	(50,000)	(455,000)	(461,000)	(966,000)
	-	1,823,995	(2,358,064)	33,071	(461,000)	(961,998)

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Notes to the financial statements
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20. Statement of funds (continued)

Restricted fixed asset funds

Assets held for depreciation	-	-	(1,097,282)	4,825,613	-	3,728,331
Capital income	-	14,323	-	-	-	14,323
Fixed assets inherited on conversion	-	4,760,361	-	(4,760,361)	-	-
Capital funds inherited on conversion	-	32,354	-	-	-	32,354
Transfer in from restricted funds	-	-	-	9,745	-	9,745
	-	<u>4,807,038</u>	<u>(1,097,282)</u>	<u>74,997</u>	-	<u>3,784,753</u>
Total restricted funds	-	<u>6,631,033</u>	<u>(3,455,346)</u>	<u>108,068</u>	<u>(461,000)</u>	<u>2,822,755</u>
Total of funds	-	<u><u>6,970,667</u></u>	<u><u>(3,486,596)</u></u>	<u><u>-</u></u>	<u><u>(461,000)</u></u>	<u><u>3,023,071</u></u>

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

General Annual Grant: Income received from the EFA to cover the normal running costs of the Academy.

Other government grants: This includes SEN funding received from the Local Authority.

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

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.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total
	2016
	£
Culverstone Green Primary	90,401
Riverview Infant School	109,915
Central	4,002
	<hr/>
Total before fixed asset fund and pension reserve	204,318
Restricted fixed asset fund	3,784,753
Pension reserve	(966,000)
	<hr/>
Total	<u><u>3,023,071</u></u>

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Notes to the financial statements
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20. Statement of funds (continued)

Analysis of academies by cost

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 2016 £
Culverstone Green Primary	520,713	81,612	39,538	124,450	766,313
Riverview Infant School	973,159	147,132	55,206	291,627	1,467,124
Central	-	40,072	-	63,159	103,231
Central LGPS pension costs	-	50,000	-	-	50,000
	<u>1,493,872</u>	<u>318,816</u>	<u>94,744</u>	<u>479,236</u>	<u>2,386,668</u>

21. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	3,728,331	3,728,331
Current assets	200,316	195,542	56,422	452,280
Creditors due within one year	-	(191,540)	-	(191,540)
Provisions for liabilities and charges	-	(966,000)	-	(966,000)
	<u>200,316</u>	<u>(961,998)</u>	<u>3,784,753</u>	<u>3,023,071</u>

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

	Period Ended 31 August 2016 £
Net income for the year (as per Statement of financial activities)	3,484,071
Adjustment for:	
Depreciation charges	1,097,282
Dividends, interest and rents from investments	(937)
Increase in debtors	(52,452)
Increase in creditors	100,949
Capital grants from DfE and other capital income	(14,323)
Defined benefit pension scheme obligation inherited	455,000
Defined benefit pension scheme cost less contributions payable	50,000
Fixed assets on inherited conversion	(4,760,361)
Net cash provided by operating activities	<u>359,229</u>

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Notes to the financial statements
for the period ended 31 August 2016

23. Analysis of cash and cash equivalents

	Period Ended 31 August 2016 £
Cash in hand	309,237
Total	309,237

24. Conversion to an academy trust

On 1 October 2015 Culversone Green Primary School and Riverview Infants School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Pathway Academy Trust from Kent County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	4,594,000	4,594,000
- Other tangible fixed assets	-	-	166,361	166,361
Other assets	344,678	-	-	344,678
LGPS pension surplus/(deficit)	-	(455,000)	-	(455,000)
Net assets/(liabilities)	344,678	(455,000)	4,760,361	4,650,039

The above net assets include £303,629 that were transferred as cash.

25. 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 EFA.

Should the funding agreement be terminated for any reason, the Academy shall repay to the EFA 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 EFA.

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26. Pension commitments

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

As described in note 24 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Contributions amounting to £30,642 were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

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26. Pension commitments (continued)

The employer's pension costs paid to TPS in the period amounted to £136,093.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £119,000, of which employer's contributions totalled £90,000, and employees' contributions totalled £29,000. The agreed contribution rates for future years are 19.8% for employers and var% for employees.

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

Principal actuarial assumptions:

	2016
Discount rate for scheme liabilities	2.20 %
Expected return on scheme assets at 31 August	16.00 %
Rate of increase in salaries	4.10 %
Rate of increase for pensions in payment / inflation	2.30 %
Inflation assumption (CPI)	2.30 %
Commutation of pensions to lump sums	50.00 %

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

	2016
Retiring today	
Males	22.9
Females	25.3
Retiring in 20 years	
Males	25.2
Females	27.7

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26. Pension commitments (continued)

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

	Fair value at 31 August 2016 £
Equities	437,000
Gilts	6,000
Other bonds	69,000
Property	91,000
Cash	15,000
Target Return Portfolio	28,000
	646,000
	646,000

The actual return on scheme assets was £80,000.

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

	Period Ended 31 August 2016 £
Current service cost (net of employee contributions)	(125,000)
Net interest cost	(15,000)
	(140,000)
	(140,000)
Actual return on scheme assets	80,000

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

	Period Ended 31 August 2016 £
Defined benefit obligation inherited upon conversion	902,000
Current service cost	125,000
Interest cost	34,000
Contributions by employees	29,000
Actuarial losses	522,000
	1,612,000
Closing defined benefit obligation	1,612,000

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26. Pension commitments (continued)

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

	Period Ended 31 August 2016 £
Defined benefit obligation inherited upon conversion	447,000
Return on plan assets (excluding net interest on the net defined pension liability)	19,000
Actuarial gains and (losses)	61,000
Contributions by employer	90,000
Contributions by employees	29,000
	646,000
Closing fair value of scheme assets	646,000

27. Operating lease commitments

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £
Amounts payable:	
Within 1 year	343
Between 1 and 5 years	1,578
	1,921
Total	1,921

28. 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.

29. 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 the trust 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 15.