



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 year ended 31 August 2017

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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 2017**

Members	Mrs Nicole Caulfield (resigned 19 April 2017) Mr Alan Wallaker Mrs Ruth Doughty (resigned 23 March 2017) Mrs Jan Bennett Mr Philip Batson (appointed 27 March 2017) Mrs Sheila Buchanan (appointed 11 July 2017) Mrs Jane Partridge-Dyer (appointed 11 July 2017)
Trustees	Jan Bennett, Chair Dawn Bramer Nicole Caulfield Gail Cox (resigned 21 March 2017) Ruth Doughty Robin Friday (resigned 21 March 2017) Helena Gula Mark Law ² Jennifer Margetson Andrya Norris Alan Wallaker 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, Chief Executive Officer & Accounting Officer Nicole Caulfield, Director of Education Andrya Norris, Chief Executive Officer
Independent auditors	Williams Giles Limited Chartered Accountants Statutory Auditor 12 Conqueror Court Sittingbourne Kent ME10 5BH
Bankers	Lloyds Bank PLC 78 New Road Gravesend DA11 0AR

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Reference and administrative details
for the period ended 31 August 2017

Advisers (continued)

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 2017

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.

Since the academy trust qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

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 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. Method of recruitment and appointment or election of Trustees

The Members of the 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 and a maximum of twelve.

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.

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Trustees' report (continued)
for the period ended 31 August 2017

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.

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 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 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.

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 have delegated responsibility for the three core strategic functions:

- ensuring clarity of vision, ethos and strategic direction,
- holding Head Teachers to account for the educational performance of the trust's schools and their pupils, and the appraisal of staff, and
- overseeing the financial performance of the trust, including signing off the financial accounts and annual report.

The Board are also responsible for the recruitment and appraisal of the Chief Executive Officer and Director of Education.

The Senior Leadership Team consists of the Head Teachers, Deputy Head Teachers, Heads of Year Groups, the Inclusion Manager and the Trust Business Manager. These leaders control each school at local 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.

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Trustees' report (continued)
for the period ended 31 August 2017

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 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.

Strategic report

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:

- 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
- Growth: expansion of the Trust to include new schools

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Trustees' report (continued)
for the period ended 31 August 2017

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.

Achievements and performance

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

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

No school is below floor standards in 2017.

Culverstone Green Primary School:

Phonics Y1 90%

2017 KS1 results – Age Related Expectation (ARE) above national average

KS1	ARE	GD
Reading	82%	25%
Writing	79%	21%
Maths	90%	18%

2017 KS2 results are above national average except maths ARE

RWM ARE 65%

RWM GD 16%

KS2	ARE	GD
Reading	84%	26%
Writing	87%	19%
GPS	87%	23%
Maths	68%	23%

Progress scores:

Reading 3.3

Writing 3.1

Maths 1.1

Riverview Infant School:

2017 KS1 results – above national average

Phonics 91% Y1

KS1	ARE%	GD%
Reading	80	32
Writing	72	18
Maths	81	24

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Trustees' report (continued)
for the period ended 31 August 2017

a. Key financial performance indicators

The trust's Accounting Officer is pleased with the outcomes from this year's accounts and the savings that have been made by prudent financial planning. The Trust's Head Teachers have been cautious in their approach to employment contracts which are the largest commitment to their schools and this has helped to alleviate the financial pressures that the trust faces due to a lack of funding.

The staffing costs for both schools are below 80% of total income and this is considered satisfactory by the trust's Finance & Audit Committee. The committee would be concerned if the costs rose to more than 80% of the school's total income.

Efficiencies have been made from procuring services at trust level in return for a contribution from each schools to the central fund. The schools within the trust also have the benefit of support from the Trust Business Manager and the central team.

Culverstone Green Primary School - KPI	2016-17
Total Staff Costs	£680,642
Salary Costs to Total Income (%)	72.22%
Salary Costs as % Total Expense	75.58%
FTE Teaching Staff	9.38
FTE Support Staff	12.85
Total FTE	22.23
Total Pupil Numbers (January 2017)	214
Pupil Teacher Ratio (based on January 2017)	22.82

Riverview Infant School - KPI	2016-17
Total Staff Costs	£1,247,659
Salary Costs to Total Income (%)	76.61%
Salary Costs as % Total Expense	77.78%
FTE Teaching Staff	17.80
FTE Support Staff	18.39
Total FTE	36.19
Total Pupil Numbers (January 2017)	358
Pupil Teacher Ratio (based on January 2017)	19.47

b. Investment policy and performance

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.

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Trustees' report (continued)
for the period ended 31 August 2017

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 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The trust received a grant of £50k from the Regional Academy Growth Fund to support the development of the central team, including the establishment of the CEO and Director of Education roles, and fast track sponsorship funding from the Regional Schools Commissioner's office of £70k to support the conversion of a local junior school to the trust on 1 October 2017.

During the period ended 31 August 2017, total expenditure of £2,611,409 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 £40,502 [Surplus income].

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Trustees' report (continued)
for the period ended 31 August 2017

At 31 August 2017 the net book value of fixed assets was £3,621,823. 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 £845,000 as at 31 August 2017. This is an decrease of £121,000 on the previous year.

a. 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.

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 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:

Perceived Risks on the Basis of Analysis	Mitigating Actions
<p>Loss or failure to recruit key staff e.g.:</p> <p>Chief Executive Officer Director of Education Trust Business Manager Head Teachers 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>The Board have agreed with the national pay recommendation of 2% for all teachers on the main pay scale from Sept 2017. All other pay scales have increased by 1%.</p> <p>The roles of trust CEO & Director of Education have been established and carry equal responsibility. Each can cover for the temporary absence of the other.</p> <p>Headteachers are engaged with Schools Direct and are supporting internal teacher training.</p> <p>An assistant to the Trust Business Manager has been appointed.</p>
<p>One or more of the trust's schools 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>

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Trustees' report (continued)
for the period ended 31 August 2017

c. 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 £216,786 [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 trust's current level of free reserves is £385,864 [Free reserves]

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 schools 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.

The Trust has two schools at the end of the financial year; a third sponsored school joined the trust on 1 October. There are a further two local schools in discussion with the board.

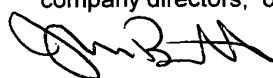
Academic year									
2015/16			2016/17			2017/18			Total
Conv	Spons	Free school/new provision	Conv	Spons	Free school/new provision	Conv	Spons	Free school/new provision	
2 RVIS CGPS				1 RVJ		2			5

Disclosure of information to auditors

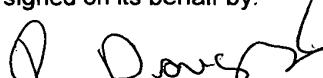
In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Directors have 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.

The Trustees' report, incorporating a strategic report, was approved by order of the board of Directors, as the company directors, on 12 December 2017 and signed on its behalf by:



Janine Bennett
Chair of Trustees



Ruth Doughty
Trustee

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 Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The 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 5 times during the period. Attendance during the period at meetings of the board of directors was as follows:

	Meetings attended	Out of a possible
Jan Bennett, Chair	4	5
Dawn Bramer	5	5
Nicole Caulfield	5	5
Gail Cox - resigned 21/03/2017	4	4
Ruth Doughty	5	5
Robin Friday - resigned 21/03/2017	4	4
Helena Gula	4	5
Mark Law	4	5
Jennifer Margetson	4	5
Andrya Norris	5	5
Alan Wallaker	4	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 & safety of the Trust as well as the standards of both schools. The Board established a Finance & Audit Committee on 21 March 2017.

Culverstone Green Primary School LGB

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

Attendance at meetings in the period was as follows:

	Meetings attended	Out of a possible
Jan Bennett (Chair) - resigned 21/03/2017	2	2
Ruth Doughty (Head Teacher)	3	3
Gail Cox - (Chair from 21/03/2017)	3	3
Dawn Bramer - resigned 21/03/2107	2	2
Helena Gula	3	3
Phil Jack	2	3
Priya Shome	3	3
Nicola Vincent	3	3
Faye Howlett	3	3

Riverview Infant School LGB

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

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Governance Statement (continued)

Attendance at meetings in the period was as follows:

	Meetings attended	Out of a possible
Robin Friday (Chairman)	3	3
Nicole Caulfield (Head Teacher)	3	3
Michael Beck	2	3
Clare Donnell	3	3
Sue Garrard	2	3
Jacqui Hutchison	3	3
Hits Patel	3	3
Peter Harris	2	3
Alan Wallaker (appointed 17 November 2016, resigned 21 March 2017)	1	2

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 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 2017 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 2017 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 Finance and audit 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 directors has considered the need for a specific internal audit function and has decided to appoint Williams Giles Ltd as internal auditor.

The internal auditor's 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 Fixed Assets
- testing of Banking & Cash Handling
- testing of Income & Expenditure
- testing of Governance & Procedures
- testing of Voluntary Fund & School Trips
- testing of Payroll & Recruitment
- testing of School Meals & VAT
- testing of Financial Monitoring & Reporting
- testing of Contracts & Procurement
- testing of Lettings & Income Generation

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Governance Statement (continued)

On a quarterly basis, the internal auditor reports to the board of directors through the finance and audit committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

Williams Giles performed three internal audit checks for each school within the trust this year. Four medium and eleven low concerns were raised and these have all been addressed and resolved by the Trust Business Manager. Procedural changes will be monitored by the Trust Finance Officer during the monthly review meetings with the schools.

Review of Effectiveness

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

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

Approved by order of the members of the board of directors on 12 December 2017 and signed on their behalf, by:



Jan Bennett
Chair of Trustees



Ruth Doughty
Accounting Officer

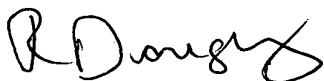
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Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Pathway Academy Trust I have considered my responsibility to notify the academy trust board of directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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 ESFA.



Ruth Doughty
Accounting Officer

Date: 12 December 2017

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Statement of Trustees' responsibilities
for the period ended 31 August 2017

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 and 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 2016 to 2017;
- 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 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 directors on 12 December 2017 and signed on its behalf by:



Mrs Jan Bennett
Chair of the Board of Trustees

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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 period ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, 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 2016 to 2017 issued by the Education and Skills Funding Agency.

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.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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

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. 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 which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report has 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, 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.

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

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

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the academy's internal audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Alyson Howard FCCA DChA CF (Senior statutory auditor)
for and on behalf of

Williams Giles Limited

Chartered Accountants

Statutory Auditor

12 Conqueror Court

Sittingbourne

Kent

ME10 5BH

Date: 17 December 2017

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 20 July 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 1 September 2016 to 31 August 2017 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Pathway Academy Trust and the 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 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the 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.

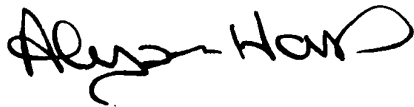
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Alyson Howard FCCA DChA CF

Williams Giles Limited
Chartered Accountants
Statutory Auditor
12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date: 17 December 2017

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

**Statement of financial activities incorporating income and expenditure account
for the period ended 31 August 2017**

		Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
	Note					
Income from:						
Donations & capital grants:						
Transfer of assets on conversion	2	-	-	-	-	4,576,276
Other donations and capital grants	2	8,982	6,207	14,379	29,568	60,131
Charitable activities	3	-	2,532,583	-	2,532,583	2,193,897
Other trading activities	4	58,292	45,542	-	103,834	139,409
Investments	5	305	-	-	305	954
Total income		67,579	2,584,332	14,379	2,666,290	6,970,667
Expenditure on:						
Raising funds	6	24,549	-	-	24,549	31,250
Charitable activities		-	2,586,860	138,109	2,724,969	3,455,346
Total expenditure	9	24,549	2,586,860	138,109	2,749,518	3,486,596
Net income / (expenditure) before transfers		43,030	(2,528)	(123,730)	(83,228)	3,484,071
Transfers between Funds	20	-	(16,009)	16,009	-	-
Net income / (expenditure) before other recognised gains and losses		43,030	(18,537)	(107,721)	(83,228)	3,484,071
Actuarial gains/(losses) on defined benefit pension schemes	25	-	262,000	-	262,000	(461,000)
Net movement in funds		43,030	243,463	(107,721)	178,772	3,023,071
Reconciliation of funds:						
Total funds brought forward		200,316	(961,998)	3,784,753	3,023,071	-
Total funds carried forward		243,346	(718,535)	3,677,032	3,201,843	3,023,071

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

Balance sheet
as at 31 August 2017

	Note	£	2017 £	2016 £
Fixed assets				
Tangible assets	17		3,621,823	3,728,331
Current assets				
Debtors	18	124,232	124,915	
Cash at bank and in hand		474,106	327,365	
		<u>598,338</u>	<u>452,280</u>	
Creditors: amounts falling due within one year	19	(173,318)	(191,540)	
Net current assets			<u>425,020</u>	<u>260,740</u>
Total assets less current liabilities			<u>4,046,843</u>	<u>3,989,071</u>
Defined benefit pension scheme liability	25	(845,000)	(845,000)	(966,000)
Net assets including pension scheme liabilities			<u><u>3,201,843</u></u>	<u><u>3,023,071</u></u>
Funds of the academy				
Restricted income funds:				
Restricted income funds	20	126,465	4,002	
Restricted fixed asset funds	20	3,677,032	3,784,753	
Restricted income funds excluding pension liability		<u>3,803,497</u>	<u>3,788,755</u>	
Pension reserve		<u>(845,000)</u>	<u>(966,000)</u>	
Total restricted income funds			<u>2,958,497</u>	<u>2,822,755</u>
Unrestricted income funds	20		<u>243,346</u>	<u>200,316</u>
Total funds			<u><u>3,201,843</u></u>	<u><u>3,023,071</u></u>

The financial statements on pages 22 to 47 were approved by the Trustees, and authorised for issue, on 12 December 2017 and are signed on their behalf, by:



Janine Bennett
Chair of Trustees

THE PATHWAY ACADEMY TRUST
(A company limited by guarantee)

**Statement of cash flows
for the period ended 31 August 2017**

		31 August 2017 £	<i>Period Ended 31 August 2016 £</i>
	Note		
Cash flows from operating activities			
Net cash provided by operating activities	22	163,658	377,357
Cash flows from investing activities:			
Dividends, interest and rents from investments		305	937
Purchase of tangible fixed assets		(31,601)	(65,252)
Capital grants from DfE/ESFA		14,379	14,323
Net cash used in investing activities		(16,917)	(49,992)
Change in cash and cash equivalents in the period		146,741	327,365
Cash and cash equivalents brought forward		327,365	-
Cash and cash equivalents carried forward	23	474,106	327,365

THE PATHWAY ACADEMY TRUST
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Notes to the financial statements
for the period ended 31 August 2017

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy 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 2016 to 2017 issued by ESFA, 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 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.

THE PATHWAY ACADEMY TRUST
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Notes to the financial statements
for the period ended 31 August 2017

1. Accounting policies (continued)

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.

The trust is benefiting from the ESFA's Priority Schools Building Programme for the construction of Culverstone Primary Academy. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the trust controls (through lease) the site where the development is occurring. The expenditure is capitalised in assets under constructions until the project is complete/the expenditure will be capitalised upon completion and when an appropriate valuation can be obtained.

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 receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable 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
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Notes to the financial statements
for the period ended 31 August 2017

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.

Expenditure on raising funds 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.

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

THE PATHWAY ACADEMY TRUST
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Notes to the financial statements
for the period ended 31 August 2017

1. Accounting policies (continued)

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

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

The trust is benefiting from the ESFA's Priority Schools Building Programme for the construction of Culverstone Green Primary School. The funding for the programme is recognised as a capital grant as there is unconditional entitlement from costs being incurred, and the development is occurring on a site where the trust controls through lease of the site where the development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

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.

1.6 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.

1.7 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.

1.8 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.

1.9 Liabilities and provisions

Liabilities and provisions 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.

THE PATHWAY ACADEMY TRUST
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Notes to the financial statements
for the period ended 31 August 2017

1. Accounting policies (continued)

1.10 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 basis 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 18. 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 costs as detailed in note 19. 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 instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.11 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.

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. As stated in note 25, 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 PATHWAY ACADEMY TRUST
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Notes to the financial statements
for the period ended 31 August 2017

1. Accounting policies (continued)

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.

1.13 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.

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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
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Notes to the financial statements
for the period ended 31 August 2017

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Transfer of assets on conversion	-	-	-	-	4,576,276
Donations	8,982	6,207	-	15,189	45,808
Capital Grants	-	-	14,379	14,379	14,323
Subtotal	8,982	6,207	14,379	29,568	60,131
	8,982	6,207	14,379	29,568	4,636,407
<i>Total 2016</i>	280,035	(450,666)	4,807,038	4,636,407	

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,110,494	2,110,494	1,935,376
Start up grants	-	70,000	70,000	-
Other DfE/ESFA grants	-	204,434	204,434	118,097
Pupil premium	-	83,881	83,881	84,967
	-	2,468,809	2,468,809	2,138,440
Other government grants				
SEN funding	-	49,495	49,495	29,550
Other government grants	-	14,279	14,279	25,907
	-	63,774	63,774	55,457
	-	2,532,583	2,532,583	2,193,897
<i>Total 2016</i>	-	2,193,897	2,193,897	

THE PATHWAY ACADEMY TRUST
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Notes to the financial statements
for the period ended 31 August 2017

4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Catering income	-	5,448	5,448	5,347
Consultancy income	825	17,129	17,954	55,381
Hire of facilities	13,590	-	13,590	14,246
Insurance reclaims	-	22,965	22,965	20,036
Extended services income	20,326	-	20,326	19,902
School trip income	16,056	-	16,056	18,602
Other income	7,495	-	7,495	5,895
	<u>58,292</u>	<u>45,542</u>	<u>103,834</u>	<u>139,409</u>
<i>Total 2016</i>	<u>58,645</u>	<u>80,764</u>	<u>139,409</u>	

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	305	-	305	954
	<u>954</u>	<u>-</u>	<u>954</u>	
<i>Total 2016</i>	<u>954</u>	<u>-</u>	<u>954</u>	

6. Costs of raising funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Extended services expenditure	3,185	-	3,185	2,370
School trip expenditure	17,179	-	17,179	19,447
Other expenditure	4,185	-	4,185	9,433
	<u>24,549</u>	<u>-</u>	<u>24,549</u>	<u>31,250</u>
<i>Total 2016</i>	<u>31,250</u>	<u>-</u>	<u>31,250</u>	

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7. Direct costs

	Educational Operations £	Total 2017 £	Total 2016 £
Educational supplies	99,914	99,914	94,744
Staff development	23,788	23,788	24,968
Educational consultancy	26,055	26,055	36,351
Wages and salaries	1,322,933	1,322,933	1,208,304
National insurance	111,970	111,970	90,990
Pension cost	213,045	213,045	194,578
	<u>1,797,705</u>	<u>1,797,705</u>	<u>1,649,935</u>
<i>At 31 August 2016</i>	<u>1,649,935</u>	<u>1,649,935</u>	

8. Support costs

	Educational Operations £	Total 2017 £	Total 2016 £
LGPS costs	20,000	20,000	15,000
Recruitment and support costs	6,151	6,151	21,445
Maintenance of premises and equipment	24,454	24,454	35,191
Cleaning	3,439	3,439	1,995
Rent and rates	8,821	8,821	7,640
Energy costs	24,308	24,308	26,858
Insurance	28,976	28,976	23,874
Security and transport	4,863	4,863	2,124
Catering costs	134,972	134,972	129,231
Bank charges	463	463	344
Printing, postage and stationary	23,108	23,108	38,167
Other support costs	46,969	46,969	27,279
Agency costs	5,391	5,391	17,778
Governance costs	24,775	24,775	57,387
Wages and salaries	248,289	248,289	229,445
National insurance	15,247	15,247	6,970
Pension cost	168,929	168,929	67,401
Depreciation	138,109	138,109	1,097,282
	<u>927,264</u>	<u>927,264</u>	<u>1,805,411</u>
<i>At 31 August 2016</i>	<u>1,805,411</u>	<u>1,805,411</u>	

During the period ended 31 August 2017, the academy incurred the following Governance costs:
£24,775 (2016 - £57,387) included within the table above in respect of educational operations.

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**Notes to the financial statements
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9. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	-	-	24,549	24,549	31,250
Educational Operations:					
Direct costs	1,636,782	-	160,923	1,797,705	1,649,935
Support costs	449,022	56,748	421,494	927,264	1,805,411
	<u>2,085,804</u>	<u>56,748</u>	<u>606,966</u>	<u>2,749,518</u>	<u>3,486,596</u>
<i>Total 2016</i>	<u>1,815,466</u>	<u>171,210</u>	<u>1,499,920</u>	<u>3,486,596</u>	

10. Net income/(expenditure)

This is stated after charging:

	31 August 2017 £	<i>Period Ended 31 August 2016 £</i>
Depreciation of tangible fixed assets:		
- owned by the charity	138,109	1,097,282
Operating lease costs	<u>1,077</u>	<u>343</u>

11. Auditors' remuneration

	31 August 2017 £	<i>Period Ended 31 August 2016 £</i>
Fees payable to the academy's auditor in respect of:		
The auditing of accounts of associates of the academy	6,400	6,400
Audit-related assurance services	1,300	1,300
All other non-audit services not included above	<u>6,050</u>	<u>6,050</u>

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12. Staff costs

Staff costs were as follows:

	31 August 2017	<i>Period Ended 31 August 2016</i>
	£	£
Wages and salaries	1,571,222	1,428,993
Social security costs	127,217	100,700
Operating costs of defined benefit pension schemes	381,974	267,995
	2,080,413	1,797,688
Supply teacher costs	5,391	17,778
	2,085,804	1,815,466

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

	31 August 2017	<i>Period Ended 31 August 2016</i>
	No.	No.
Teachers	28	26
Administration and support	80	79
Management	10	10
	118	115

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

	31 August 2017	<i>Period Ended 31 August 2016</i>
	No.	No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	2	1

During the year ended 31 August 2017 the employers pension contributions for the above school paid into the Teachers Pension Scheme amounted to £25,997 (2016 - £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 and social security costs) received by key management personnel for their services to the academy trust was £253,927 (2016 - £196,899).

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Notes to the financial statements
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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 2017 the ratio was 1:1.7 Culverstone Green Primary School : Riverview Infant School.

The actual amounts charged during the year were as follows:

	31 August 2017 £	<i>Period Ended 31 August 2016 £</i>
Culverstone Green Primary	34,952	23,515
Riverview Infant School	58,592	41,292
Total	<u>93,544</u>	<u>64,807</u>

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:

		31 August 2017 £	<i>Period Ended 31 August 2016 £</i>
Nicole Caulfield	Remuneration	80,000-85,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Ruth Doughty	Remuneration	75,000-80,000	60,000-65,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Andrya Norris	Remuneration	35,000-40,000	30,000-35,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the period ended 31 August 2017, expenses totalling £95 (2016 - £NIL) were reimbursed to 1 Trustee (2016 - 0).

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**Notes to the financial statements
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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

	31 August 2017 £	Period Ended 31 August 2016 £
Interest income on pension scheme assets	16,000	19,000
Interest on pension scheme liabilities	(36,000)	(34,000)
	<u>(20,000)</u>	<u>(15,000)</u>

17. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
Fixed assets inherited on conversion	4,638,058	85,686	101,869	4,825,613
Additions	22,424	-	9,177	31,601
At 31 August 2017	<u>4,660,482</u>	<u>85,686</u>	<u>111,046</u>	<u>4,857,214</u>
Depreciation				
At 1 September 2016	1,002,000	17,137	78,145	1,097,282
Charge for the period	93,210	17,137	27,762	138,109
At 31 August 2017	<u>1,095,210</u>	<u>34,274</u>	<u>105,907</u>	<u>1,235,391</u>
Net book value				
At 31 August 2017	<u>3,565,272</u>	<u>51,412</u>	<u>5,139</u>	<u>3,621,823</u>
At 31 August 2016	<u>3,636,058</u>	<u>68,549</u>	<u>23,724</u>	<u>3,728,331</u>

18. Debtors

	2017 £	2016 £
Trade debtors	2,512	9,821
Other debtors	81,625	85,292
Prepayments and accrued income	40,095	29,802
	<u>124,232</u>	<u>124,915</u>

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19. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	8,277	33,213
Other taxation and social security	35,356	29,436
Other creditors	30,667	30,642
Accruals and deferred income	99,018	98,249
	<u>173,318</u>	<u>191,540</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	84,761	-
Resources deferred during the year	82,227	84,761
Amounts released from previous years	(84,761)	-
Deferred income at 31 August 2017	<u>82,227</u>	<u>84,761</u>

Deferred income consists of Universal Infant Free School Meals grant income received in 2016/17 in respect of 2017/18.

20. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted funds	200,316	67,579	(24,549)	-	-	243,346
Restricted funds						
General annual grant (GAG)	-	2,110,494	(1,964,232)	(9,932)	-	136,330
Other DfE/ESFA grants	4,002	274,434	(274,434)	-	-	4,002
Pupil premium	-	83,881	(83,881)	-	-	-
Local authority grant	-	63,775	(63,775)	-	-	-
Other generated income	-	51,748	(51,748)	-	-	-
Pension reserve	(966,000)	-	(141,000)	-	262,000	(845,000)
Other Restricted funds	-	-	(7,790)	(6,077)	-	(13,867)
	<u>(961,998)</u>	<u>2,584,332</u>	<u>(2,586,860)</u>	<u>(16,009)</u>	<u>262,000</u>	<u>(718,535)</u>

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20. Statement of funds (continued)

Restricted fixed asset funds

Assets held for depreciation	3,728,331	-	(138,109)	31,601	-	3,621,823
Capital funds	56,422	14,379	-	(21,669)	-	49,132
Other Restricted funds	-	-	-	6,077	-	6,077
	<u>3,784,753</u>	<u>14,379</u>	<u>(138,109)</u>	<u>16,009</u>	<u>-</u>	<u>3,677,032</u>
Total restricted funds	<u>2,822,755</u>	<u>2,598,711</u>	<u>(2,724,969)</u>	<u>-</u>	<u>262,000</u>	<u>2,958,497</u>
Total of funds	<u>3,023,071</u>	<u>2,666,290</u>	<u>(2,749,518)</u>	<u>-</u>	<u>262,000</u>	<u>3,201,843</u>

Statement of funds - prior year

	Balance at 17 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Unrestricted funds	-	339,634	(31,250)	(108,068)	-	200,316
	<u>-</u>	<u>339,634</u>	<u>(31,250)</u>	<u>(108,068)</u>	<u>-</u>	<u>200,316</u>

Restricted funds

General annual grant (GAG)	-	1,939,710	(1,972,781)	33,071	-	-
Other DfE/ESFA 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 reserve	-	(455,000)	(50,000)	-	(461,000)	(966,000)
	<u>-</u>	<u>1,823,995</u>	<u>(2,358,064)</u>	<u>33,071</u>	<u>(461,000)</u>	<u>(961,998)</u>

Restricted fixed asset funds

Assets held for depreciation	-	-	(1,097,282)	4,825,613	-	3,728,331
Fixed assets inherited on conversion	-	4,760,361	-	(4,760,361)	-	-
Capital funds	-	46,677	-	9,745	-	56,422
	<u>-</u>	<u>4,807,038</u>	<u>(1,097,282)</u>	<u>74,997</u>	<u>-</u>	<u>3,784,753</u>
Total restricted funds	<u>-</u>	<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>	<u>6,970,667</u>	<u>(3,486,596)</u>	<u>-</u>	<u>(461,000)</u>	<u>3,023,071</u>

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

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

General Annual Grant: Income received from the ESFA 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 2017.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	<i>Total 2016 £</i>
Culverstone Green Primary	133,886	<i>90,401</i>
Riverview Infant School	139,799	<i>109,915</i>
Central	96,126	<i>4,002</i>
Total before fixed asset fund and pension reserve	369,811	<i>204,318</i>
Restricted fixed asset fund	3,677,032	<i>3,784,753</i>
Pension reserve	(845,000)	<i>(966,000)</i>
Total	3,201,843	<i>3,023,071</i>

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 depreciat- ion £	Total 2017 £	<i>Total 2016 £</i>
Culverstone Green Primary	572,182	93,689	36,025	141,692	843,588	<i>766,313</i>
Riverview Infant School	1,064,600	160,869	63,889	212,377	1,501,735	<i>1,467,124</i>
Central	-	189,073	-	67,037	256,110	<i>153,231</i>
	1,636,782	443,631	99,914	421,106	2,601,433	<i>2,386,668</i>

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Notes to the financial statements
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21. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	3,621,823	3,621,823
Current assets	243,346	305,860	49,132	598,338
Creditors due within one year	(9,976)	(163,342)	-	(173,318)
Provisions for liabilities and charges	-	(845,000)	-	(845,000)
Difference	9,976	(16,053)	6,077	-
	<u>243,346</u>	<u>(718,535)</u>	<u>3,677,032</u>	<u>3,201,843</u>

Analysis of net assets between funds - prior year

	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

	31 August 2017 £	Period Ended 31 August 2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(83,228)	3,484,071
Adjustment for:		
Depreciation charges	138,109	1,097,282
Dividends, interest and rents from investments	(305)	(937)
Decrease/(increase) in debtors	683	(124,915)
(Decrease)/increase in creditors	(18,222)	191,540
Capital grants from DfE and other capital income	(14,379)	(14,323)
Defined benefit pension scheme obligation inherited	-	455,000
Defined benefit pension scheme cost less contributions payable	141,000	50,000
Fixed assets on inherited conversion	-	(4,760,361)
Net cash provided by operating activities	<u>163,658</u>	<u>377,357</u>

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**Notes to the financial statements
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23. Analysis of cash and cash equivalents

	31 August 2017 £	<i>Period Ended 31 August 2016 £</i>
Cash in hand	474,106	327,365
Total	474,106	327,365

24. 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.

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25. 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.

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

Contributions amounting to £30,668 were payable to the schemes at 31 August 2017 (2016 - £30,642) 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

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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £151,950 (2016 - £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).

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25. Pension commitments (continued)

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 2017 was £136,000 (2016 - £119,000), of which employer's contributions totalled £102,000 (2016 - £90,000) and employees' contributions totalled £34,000 (2016 - £29,000). The agreed contribution rates for future years are 20.0% 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:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Expected return on scheme assets at 31 August	16.00 %	16.00 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	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:

	2017	2016
Retiring today		
Males	23.0	22.9
Females	25.1	25.3
Retiring in 20 years		
Males	25.2	25.2
Females	27.4	27.7

	At 31 August 2017 £	Period Ended At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	1,721,000	1,570,000
Discount rate -0.1%	1,810,000	1,655,000
Mortality assumption - 1 year increase	1,821,000	1,653,000
Mortality assumption - 1 year decrease	1,710,000	1,572,000
CPI rate +0.1%	1,775,000	1,621,000
CPI rate -0.1%	1,755,000	1,603,000

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25. Pension commitments (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	648,000	437,000
Gilts	6,000	6,000
Other bonds	89,000	69,000
Property	113,000	91,000
Cash and other liquid assets	29,000	15,000
Absolute fund return	35,000	28,000
	<hr/>	<hr/>
Total market value of assets	920,000	646,000
	<hr/>	<hr/>

The actual return on scheme assets was £117,000 (2016 - £80,000).

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

	31 August 2017 £	Period Ended 31 August 2016 £
Current service cost	(223,000)	(125,000)
Interest income	16,000	19,000
Interest cost	(36,000)	(34,000)
	<hr/>	<hr/>
Total	(243,000)	(140,000)
	<hr/>	<hr/>
Actual return on scheme assets	117,000	80,000
	<hr/>	<hr/>

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

	31 August 2017 £	Period Ended 31 August 2016 £
Opening defined benefit obligation	1,612,000	-
Upon conversion	-	902,000
Current service cost	223,000	125,000
Interest cost	36,000	34,000
Employee contributions	34,000	29,000
Change in financial and demographic assumptions	(140,000)	522,000
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Closing defined benefit obligation	1,765,000	1,612,000
	<hr/>	<hr/>

THE PATHWAY ACADEMY TRUST
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Notes to the financial statements
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25. Pension commitments (continued)

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

	31 August 2017	<i>Period Ended 31 August 2016</i>
	£	£
Opening fair value of scheme assets	646,000	-
Upon conversion	-	447,000
Interest income	16,000	19,000
Actuarial losses	122,000	61,000
Employer contributions	102,000	90,000
Employee contributions	34,000	29,000
	<u>920,000</u>	<u>646,000</u>
Closing fair value of scheme assets	<u>920,000</u>	<u>646,000</u>

26. Operating lease commitments

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£	£
Amounts payable:		
Within 1 year	1,077	343
Between 1 and 5 years	1,030	1,578
	<u>2,107</u>	<u>1,921</u>
Total	<u>2,107</u>	<u>1,921</u>

27. Members' liability

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

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28. Related party transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which 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.

During the period ended 31st August 2017 the following related party transactions were identified:

Riverview Junior School:

A school in which several trustees are Governors.

During the period Riverview Infant School invoiced Riverview Junior School £17,128 (2016: £54,481) in respect of Headteacher salary recharges.

During the period Riverview Junior School invoiced Riverview Infant School in respect of expense reimbursements £339 (2016: £217).

There were no balances outstanding between the two parties as at 31st August 2017.