

# Financial Statements

## Gateway Learning Community

---

**For the year ended 31 August 2016**

**Registered number: 05853746**

## Contents

	Page
<b>Reference and administrative details</b>	1 - 2
<b>Directors' report</b>	3 - 9
<b>Governance statement</b>	10 - 14
<b>Statement of regularity, propriety and compliance</b>	15
<b>Statement of directors' responsibilities</b>	16
<b>Independent auditor's report on the financial statements</b>	17 - 18
<b>Independent reporting accountant's assurance report on regularity</b>	19 - 20
<b>Statement of financial activities incorporating income and expenditure account</b>	21
<b>Balance sheet</b>	22
<b>Statement of cash flows</b>	23
<b>Notes to the financial statements</b>	24 - 47

**Gateway Learning Community**  
**(A company limited by guarantee)**

## Reference and Administrative Details of the Academy, its directors and Advisers

For the year ended 31 August 2016

### **Members**

### **Directors**

Graham Foster, Chairman  
Kevin Sadler, Chief Executive Officer  
Victoria Reid, Deputy Chief Executive Officer  
Mary-Ann Connolly  
Paul Connew  
Stuart Redford (resigned 31 August 2016)  
Margaret Smith  
Jacquelyne Currie (resigned 31 August 2016)  
Derek Austin (resigned 31 August 2016)  
Aderemi Shodipe (resigned 31 August 2016)  
Lynda Pritchard (resigned 31 August 2016)  
Hilary Ruth Hodgson

### **Company registered number**

05853746

### **Company name**

Gateway Learning Community

### **Registered office**

Marshfoot Road  
Tilbury/Chadwell St Mary  
Essex  
RM16 4LU

### **Company secretary**

Sarah Ventham

### **Chief executive officer**

Kevin Sadler

### **Senior management team**

Kevin Sadler, CEO  
Victoria Reid, Deputy CEO  
Sarah Ventham, Business Director

Gateway Learning Community  
(A company limited by guarantee)

## Reference and Administrative Details of the Academy, its directors and Advisers

For the year ended 31 August 2016

### Advisers (continued)

#### **Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Grant Thornton House  
202 Silbury Boulevard  
Milton Keynes  
MK9 1LW

#### **Solicitors**

Stone King  
16 St John's Lane  
London  
EC1M 4BS

#### **Member**

Ormiston Trust

## Directors' Report

For the year ended 31 August 2016

The directors (who are also Trustees of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Gateway Learning Community (the academy) for the ended 31 August 2016. The directors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

### **Structure, governance and management**

#### **Constitution**

The academy is a charitable company limited by guarantee and was set up by a Memorandum of Association.

The academy is constituted under a Memorandum of Association.

The directors of Gateway Learning Community are also the directors of the charitable company for the purpose of company law.

The principal object of the academy is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing primary and secondary schools offering a broad and balanced curriculum.

#### **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.

#### **Method of recruitment and appointment or election of Directors**

The management of the academy is the responsibility of the directors who are elected and co-opted under the terms of the Articles of Association.

Existing directors nominate suitable candidates, who will be considered by the Strategy and Standards Group. Once discussed and agreed, a recommendation will be made to Mr Murray of Ormiston Trust for his consideration and agreement.

#### **Policies and procedures adopted for the induction and training of Directors**

Directors receive a comprehensive induction pack upon appointment. Each director is assigned a mentor who works with them to ensure they understand their role sufficiently.

#### **Arrangements for setting pay and remuneration of key management personnel**

The pay of all staff within the Gateway Learning Community is set within the parameters of the Gateway Learning Community Pay Policy. The performance of all staff is then monitored and evaluated against agreed objectives in-line with the GLC Performance Management Policy.

## Directors' Report (continued)

For the year ended 31 August 2016

The pay of senior staff the multi-academy trust including the CEO and Deputy CEO, is considered by a committee of directors who make a recommendation to the Gateway Learning Community Board. The salary ranges of staff have been established by directors following a process local and regional comparison.

The Gateway Learning Community Board has decided, on the recommendation of the CEO, that the pre-existing Gateway Learning Community Bonus Policy would be abandoned from September 2015. The Gateway Learning Community Pay Policy makes provision for retention payments for all staff.

The pay of all heads of school and senior leadership staff is set within pay bands that are determined by the size and phase of the school and by factors such as comparisons of similar roles locally and the availability of suitably qualified and experienced staff.

### **Risk management**

The directors have assessed the major risks to which the multi-academy trust (MAT) is exposed, in particular those related to the operations and finances of the MAT, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

### **Organisational structure**

The Gateway Learning Community is governed by a board of directors (which is also the governing body) constituted under the memorandum and articles of association. The directors are responsible for ensuring that high standards of corporate governance are maintained. The directors exercise their powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Gateway Learning Community and shall consider any advice given by the CEO, addressing such matters as:

- Policy development and strategic development,
- Ensuring sound management and administration of the Gateway Learning Community,
- Ensuring compliance with legal requirements,
- Ensuring effective internal controls are in operation,
- The monitoring of performance,
- Helping the Gateway Learning Community to be responsive to the needs of parents, carers and the community,
- Setting the Gateway Learning Community's standards of conduct and value, and
- Assessing and managing risk

A full trustees meeting is held at least once a school term.

### **Connected organisations, including related party relationships**

The Ormiston Trust is the sponsor of The Gateway Learning Community.

The Ormiston Trust works to promote the well being of children and young people, especially those disadvantaged by their life experiences or circumstances. This is achieved through direct service provision and by raising awareness of related issues through research, publications, conferences and events.

The Ormiston Trust is one of the largest voluntary providers of support services to children and families in the Eastern region. Their vision is of a society where every child and young person feels valued, safe and free from prejudice, isolation and stigma.

## Directors' Report (continued)

For the year ended 31 August 2016

### **Directors' indemnities**

Subject to the provisions of the Companies Act 2006 every director or other officer or auditor of the academy trust shall be indemnified out of the assets of the academy trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy trust.

### **Objectives and Activities**

#### **Objects and aims**

The Gateway Learning Community is a partnership of local schools [one secondary and four primary] supporting and challenging each other to offer every member of our community opportunities to develop as: high achieving, confident, healthy, caring and fulfilled members of society.

#### **Objectives, strategies and activities**

The aims detailed above will be achieved through:

- The development of positive relationships to prepare students for learning and life,
- Excellent teaching, achievement and progress,
- An inspiring and meaningful curriculum, and
- The development of effective partnerships and services for the benefit of all in the community.

#### **Public benefit**

The directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's objectives and aims and in planning future activities for the year. The directors consider that the Gateway Learning Community aims are demonstrably to the public benefit.

#### **Achievements and performance**

#### **Going concern**

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

## Directors' Report (continued)

For the year ended 31 August 2016

### Achievements and performance

To end of the academic Year 2016 the GLC academies are graded by Ofsted as follows:

- The Gateway Academy Outstanding
- Herringham Primary Academy Good
- Gateway Primary Free School Good
- Lansdowne Primary Academy Good
- Tilbury Primary Academy [awaiting an inspection, but reviews have graded it as good]

Our mission has been to transform the educational provision within Tilbury and Chadwell. We are the first to say that our pupil outcomes are not good enough. We are highly ambitious for all the young people in our care. We believe that we have effective structures and policies in place to achieve the challenging targets set by our Board. All those who visit our academies agree that our young people are well-behaved and ready to learn. Our key challenge is to maintain a consistent quality of teaching when our teacher mobility is so high. We expend significant capacity training teachers to deliver our key policies and the various schemes such as Read Write Inc, only to be frustrated, when we have trained them to teach in-line with our expectations, a significant proportion then tend to leave at the end of the year. However, we are pleased to say that there are good indicators that we will retain a good proportion of our staff this year and are being increasingly successful in recruiting local teachers. This will be a major factor in raising standards.

Our strengths arise from our common commitment to our young people and their community. GLC staff are amongst the most committed and passionate you will find anywhere. Staff are prepared to go the extra mile to support our young people and to give them a chance to be a success. This is why the ethos of each GLC academy is so positive. Our mission statement is followed by four strands that will be developed to achieve the mission, the first of which is positive relationships. Those who visit our academies invariably praise the good relationships that exist. We believe that good relationships are an essential foundation upon which effective schools can function.

Another strength is our partnership. The GLC has never been about the 'big' secondary school 'taking over' the feeder primaries, our MAT is a true partnership of equals all focussed on a common goal. We are not a club of schools but an increasingly integrated organisation set to benefit from the synergies created by partnership and shared accountability. Our joint policies; the work of the GLC Central Team and the over-sight of the GLC Board are key to maximizing the long-term benefits of this.

Our leadership is reflective and responsive to whatever confronts us. We are relentlessly reflective; the first to acknowledge our weaknesses and increasingly outward looking to seek ways to address them.

Our ambition for our young people knows no bounds and increasingly this is shared by our pupils and the wider community creating a virtuous circle of improvement.

On the basis of examination outcomes and rigorous review of provision [moderated by external consultants], the performance against the key Ofsted criteria are as follows;



## Directors' Report (continued)

For the year ended 31 August 2016

	Outcomes for pupils	Teaching, learning and assessment	Personal development, behaviour and welfare	Leadership and Management
Gateway Academy	Good	Good	Outstanding	Good
Herringham Primary Academy	Good	Good	Good	Good
Gateway Primary Free School	Requires Improvement	Requires Improvement	Good	Good
Lansdowne Primary Academy	Good	Good	Good	Good
Tilbury Pioneer Academy	Good	Good	Outstanding	Good

Recruitment and retention continues to be a significant risk to sustaining good outcomes for pupils.

Pupils' behaviour attitudes to learning continue to be a strength in each GLC academy. Record attendance in each academy would indicate that young people enjoy school and are keen to learn.

The GCSE outcomes at the Gateway Academy improved by 11 percentage points. For the 3<sup>rd</sup> year in succession all Year 11 pupils progressed to post 16 learning or employment [there was 0% NEETs].

Governance continues to be a strength of the GLC recognised both by Ofsted and the Regional Commissioner. The GLC Board has been reconstituted in-line with DFE guidance and reduced to a maximum of 9 directors. Following a skills audit the GLC steering committee has recommended the appointment of a senior manager from the Port of Tilbury who brings a set of skills and expertise that compliments those of existing directors.

All of the GLC academies remain very popular. All are full [although mobility in and out of our locality remains higher than the national average]. The Gateway Academy continues the process of growing to a 7 form of entry school [Years 7–10 are now comprised of 210 pupils]. Tilbury Pioneer Academy agreed to take on additional 30 pupils into Reception to meet the demand locally.

## Directors' Report (continued)

For the year ended 31 August 2016

### **Review of activities**

In the last year the Gateway Learning Community has continued to work to raise the quality of educational provision for all young people within our community and to ensure that all colleagues are supported to help achieve the organisation's mission.

### **Financial review**

#### **Financial risk management objectives and policies**

Financial report for the period

Most of the Gateway Learning Community's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of funds in note 19.

Financial position

The Gateway Learning Community fund balances at 31 August 2016 were in surplus by £38,637,316 (2015: £44,438,841). Total restricted funds at 31 August 2016 were in surplus by £36,393,931 (2015: £42,787,080). Unrestricted funds at 31 August 2016 were in surplus by £2,243,385 (2015: £1,651,761).

#### **Principal risks and uncertainties**

The Directors consider the following to be the key risks faced by the Gateway Learning Community:

- Ongoing issues with the recruitment and retention of qualified and experienced teachers
- A reduction in recruitment of pupils due to increased local competition or reputational damage

#### **Reserves policy**

The directors have reviewed the reserves of the Trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the directors.

#### **Material investments policy**

With an improved financial position the Gateway Learning Community is currently taking advice on options for investment of surplus and are creating a policy for future investment opportunities.

#### **Future developments**

The Gateway Learning Community Development Plan highlights a number of areas for development, the most significant of which will be the construction of a new 3-classroom block which is due to be completed in the summer 2017 and the development of an all-through Free School to replace the existing Tilbury Pioneer Academy [subject to a successful bid].

Gateway Learning Community  
(A company limited by guarantee)

## Directors' Report (continued)

For the year ended 31 August 2016

### Disclosure of information to auditor

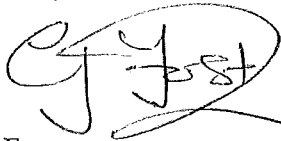
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

### Auditor

The auditor, Grant Thornton UK LLP, has indicated its willingness to continue in office. The Designated directors will propose a motion re-appointing the auditor at a meeting of the directors.

This report was approved by order of the board of trustees as the company directors, on 9/1/17 and signed on its behalf by:



Graham Foster  
Chair of Trustees

## Governance Statement

### Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the CEO, 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 Gateway Learning Community and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The new GLC Articles of Association were approved by the Department of Education in July and ratified through a resolution of members in September.

#### Responsibilities of the Board of Directors and Governors

- The Board of Directors will operate at all times in accordance with the Academy Standards and Framework Act 1998, the Academy Government Regulations and all other relevant and subsequent legislation.
- The GLC has established a Scheme of Delegation that is based on a Department of Education approved exemplar provided by our solicitors, Stone King LLP. This places all key financial, strategic and general education provision responsibilities firmly with the GLC Board. These include the responsibilities:
  - Appointing each Chair of the Local Governing Body;
  - Approving the GLC annual and 3-year strategic development plans;
  - Approving all Key Performance Indicators
  - Approving all policies including the Pay and Performance Management policies;
  - The performance management of the CEO, Deputy CEO and each Head of School;
  - Approving the GLC Financial Regulations and Procedures;
  - Approving all annual budgets;
  - Approving expenditure or contracts between the Accounting Officer delegated limit and to the OJEU2 limit;
  - Asset Management.
- The GLC Board of Directors delegates responsibilities to local governing bodies that will enable each to be responsible for the day-to-day operations of each member academy. Each local governing body is a committee of the Board of Directors established pursuant of the Articles. LGB responsibilities include:
  - Ensuring that all GLC policies are fully implemented and monitored;
  - Establishing committees as required by policies such as a pay appeals committee or a pupil discipline committee;
  - Developing excellent relationships with staff, pupils, parents and the wider community;
  - Staff appointments other than the Head of School.
- Legal responsibility for each Academy within the Trust lies with the Company. It is governed by the Directors, who rely on advice and support from each Local Governing Body, particularly related to [but not limited to] strategic planning and the specific matters delegated under these Terms of Reference.
- The Members are responsible for the general control and management of the administration of the Company in accordance with the provisions set out in the Articles of the Company.

**Gateway Learning Community**  
**(A company limited by guarantee)**

## Governance Statement (continued)

The information on governance included here supplements that described in the Directors' report and in the Statement of directors' responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Director	Meetings attended	Out of a possible
Graham Foster, Chairman	4	5
Kevin Sadler, Chief Executive Officer	5	5
Victoria Reid, Deputy Chief Executive Officer	5	5
Mary-Ann Connolly	5	5
Paul Connew	4	5
Stuart Redford	5	5
Margaret Smith	3	5
Jacquelyne Currie	3	4
Derek Austin	5	5
Aderemi Shodipe	4	5
Hilary Hodgson	5	5
Lynda Pritchard	3	5

The Strategy and Standards Committee is a sub-committee of the main board of trustees. Its purpose is to monitor and improve educational standards.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Graham Foster	4	4
Kevin Sadler	4	4
Victoria Reid	4	4
Lynda Pritchard	4	4
Mary-Ann Connolly	2	4
Margaret Smith	3	4
Paul Connew	4	4
Derek Austin	4	4

The Finance and Resources Committee is also a sub-committee of the main board of trustees. Its purpose is to oversee the efficient and effective management of finance and resources held within the trust

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Graham Foster	3	3
Kevin Sadler	3	3
Victoria Reid	2	2
Aderemi Shodipe	0	3
Paul Connew	3	3

In view of guidance from the Department of Education the GLC board voted to reconstitute itself to reduce numbers and focus on skills profile. This did away with the previous structure where Chairs of Local Governing Bodies were ex officio members. The Board decided that all matters should be brought to all members therefore the strategy and standards committee and the finance committee were disbanded.

## **Governance Statement (continued)**

### **Review of Value for money**

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

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

#### **Ensuring the efficient and effective use of resource**

The GLC has a continual focus on best value for money and understands the value of our assets and how they can be used effectively to increase all of our students' rates of progress.

The GLC has a clear promotes fair competition through quotations and tenders, in accordance with its Financial Regulations, to ensure that goods and services are secured in the most economic, efficient and effective way. These regulations are set in line with EFA guidance.

Each academy principal and the CEO reviews and signs purchase-orders on behalf of their academy and regularly challenges these for efficiency and effectiveness. In turn, each Local Governing Body is responsible for regularly reviewing the functions of their academy, challenging how and why services are provided and setting targets and performance indicators for improvement.

#### **Raising students' attainment**

Funds within the Trust continue to be pooled together to provide a central team of specialists for all schools to benefit from these include school improvement support, education welfare services, Attendance Ambassadors, a Speech and Language specialist and an Educational Psychologist.

The GLC has developed a rigorous system for tracking students' progress and achievement, with underachievement identified early and appropriate interventions put in place. The GLC operates an extensive programme of Ofsted-style subject and area reviews to ensure that teaching is constantly improving. The GLC schools continue to work together to improve student progression, share best practice and to address any barriers to progress.

Each Academy carefully monitors Pupil Premium expenditure and its impact on improving attainment for students on Free School Meals and Looked-After Children. Use of the grant and its effectiveness is published annually on the GLC website.

#### **Robust governance and oversight of the Gateway Learning Community Trust's finances**

The Board of Directors approve the annual budgets for each academy within the GLC and review our admissions numbers/forecasts on an annual basis with the support of our auditors to ensure that the organisation remains a 'going concern'.

The Board of Directors has additional sub-committees to review and report on the detail of specific areas of the Trust. The sub-committees are GLC Resources Committee and GLC Audit Committee who have responsibility for finance and risk for the Trust and the GLC Strategy Committee to review the vision and plan for the future of the schools and the Trust. These committees enable more detailed discussion, review and reporting.

The Board of Directors, GLC Resources Committee and Local Governing Body receive regular management accounts with a summary of key issues, as well as half-termly reports across each academy from independent Responsible Officers and an annual set of consolidated accounts. Necessary actions are taken [recorded in the minutes] following the receipt of each report.

The GLC Audit Committee reviews in detail and sets with appointed external auditors, the audit plan for

## Governance Statement (continued)

both external and internal audit, and reports its findings and recommendations to the Board of Directors.

### **Maximising income generation**

The GLC explores every opportunity to generate income via bids to funding agencies, hiring out facilities across the Chain for community events to benefit GLC students and our local community. The GLC ensures all surplus monies are actively managed and invested in interest bearing accounts.

### **Reviewing controls and managing risks**

The CEO, Heads of School and Finance Officers review budget monitoring reports, considering expenditure against each budget cost centre at least monthly and address any significant variances against budget. The Local Governing Body checks these reports on a termly basis and the GLC Resources Committee regularly reviews in detail, the Trust as a whole for both finance and risk with their recommendations being reported to the Board of Directors.

The Board of Directors considers the risks and their management via the annual review of our Risk Register. It approves on an annual basis the Financial Regulations and Scheme of Delegation detailing our finance related systems and procedures and other key financial policies. There is full segregation of duties in each Finance Office.

### **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 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 Gateway Learning Community for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Resources 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.

For the year ended 31 August 2016 the board of trustees considered the need for a specific internal audit function and decided not to appoint an internal auditor. However, the directors have appointed Peter Saunders, a director, as Responsible Officer (RO).

Gateway Learning Community  
(A company limited by guarantee)

## Governance Statement (continued)

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a temly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

### Review of Effectiveness

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

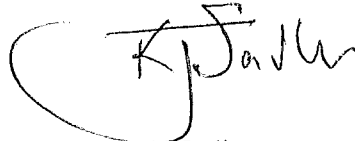
- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on **9 JANUARY 2017** and signed on their behalf, by:



Graham Foster  
Chair of Trustees



Kevin Sadler  
Accounting Officer



Gateway Learning Community  
(A company limited by guarantee)

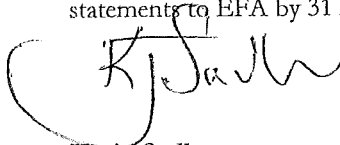
## Statement of Regularity, Propriety and Compliance

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and EFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

The approval of the financial statements was delayed due to unforeseen personal circumstances of the Chair of Trustees who was unable to sign as planned before 31 December 2016. As a consequence, the trust was unable to meet the requirements of paragraph 1.4.2 of the Academies Financial Handbook 2015 to submit audited financial statements to EFA by 31 December 2016.



Kevin Sadler  
Accounting Officer

Date: 9 JANUARY 2017

Gateway Learning Community  
(A company limited by guarantee)

## Statement of Directors' Responsibilities

For the year ended 31 August 2016

The directors (who act as governors of Gateway Learning Community and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

Approved by order of the members of the board of trustees on 9 JANUARY 2017 and signed on its behalf by:



Graham Foster  
Chair of Trustees

(A company limited by guarantee)



## Independent Auditor's Report on the Financial Statements to the Members of Gateway Learning Community

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

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

### **Respective responsibilities of directors and auditor**

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

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

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

(A company limited by guarantee)



## Independent Auditor's Report on the Financial Statements to the Members of Gateway Learning Community

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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

*Grant Thornton UK LLP*

Fiona Baldwin (Senior statutory auditor)

for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants  
Statutory Auditor

Milton Keynes

Date: *11 January 2017*

**Gateway Learning Community**  
**(A company limited by guarantee)**

## Independent Reporting Accountant's Assurance Report on Regularity to Gateway Learning Community and the Education Funding Agency

In accordance with the terms of our engagement letter dated 9 October 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Gateway Learning Community during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Gateway Learning Community and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Gateway Learning Community and the EFA those matters we are required to state to them 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 Gateway Learning Community and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Gateway Learning Community's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Gateway Learning Community's funding agreements with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

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

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

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

## Independent Reporting Accountant's Assurance Report on Regularity to Gateway Learning Community and the Education Funding Agency (continued)

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

### **Qualified Conclusion**

In the course of our work, except for matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter giving rise to qualified conclusion: Late submission of the financial statements

The approval of the financial statements was delayed due to unforeseen personal circumstances of the Chair of Trustees who was unable to sign as planned before 31 December 2016 which has been disclosed in the Accounting Officer's Statement on Regularity, Propriety and Compliance. As a consequence, the trust was unable to meet the requirements of paragraph 1.4.2 of the Academies Financial Handbook 2015 to submit audited financial statements to EFA by 31 December 2016.

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**  
Chartered Accountants  
Reporting Accountant  
Milton Keynes

Date: *11 January 2017*

## Statement of Financial Activities Incorporating Income and Expenditure Account

For the year ended 31 August 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>Income from:</b>						
Donations and capital grants	2	158,721	874,750	24,815	1,058,286	256,619
Charitable activities	5	7,847	16,562,966	-	16,570,813	18,472,439
Other trading activities	3	800,911	138,511	-	939,422	861,315
Investments	4	11,701	-	-	11,701	6,937
<b>Total income</b>		<b>979,180</b>	<b>17,576,227</b>	<b>24,815</b>	<b>18,580,222</b>	<b>19,597,310</b>
<b>Expenditure on:</b>						
Raising funds	6	264,011	98,494	-	362,505	595,083
Charitable activities	7	123,545	18,342,725	1,311,972	19,778,242	19,120,090
<b>Total expenditure</b>	8	<b>387,556</b>	<b>18,441,219</b>	<b>1,311,972</b>	<b>20,140,747</b>	<b>19,715,173</b>
<b>Net income / (expenditure) before transfers</b>		<b>591,624</b>	<b>(864,992)</b>	<b>(1,287,157)</b>	<b>(1,560,525)</b>	<b>(117,863)</b>
Transfers between Funds	19	(59,156)	(6,980)	66,136	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>532,468</b>	<b>(871,972)</b>	<b>(1,221,021)</b>	<b>(1,560,525)</b>	<b>(117,863)</b>
Actuarial gains/(losses) on defined benefit pension schemes	26	-	(4,239,000)	-	(4,239,000)	366,000
<b>Net movement in funds</b>		<b>532,468</b>	<b>(5,110,972)</b>	<b>(1,221,021)</b>	<b>(5,799,525)</b>	<b>248,137</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		1,651,761	(2,370,832)	45,157,912	44,438,841	44,190,704
<b>Total funds carried forward</b>		<b>2,184,229</b>	<b>(7,481,804)</b>	<b>43,936,891</b>	<b>38,639,316</b>	<b>44,438,841</b>

Gateway Learning Community  
(A company limited by guarantee)  
Registered number: 05853746

## Balance Sheet

As at 31 August 2016

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	15		43,903,897		45,157,912
<b>Current assets</b>					
Stocks	16	40,788		40,788	
Debtors	17	759,731		595,066	
Cash at bank and in hand		4,236,935		4,228,750	
			<u>5,037,454</u>	<u>4,864,604</u>	
Creditors: amounts falling due within one year	18	(1,119,035)		(1,191,675)	
<b>Net current assets</b>			<u>3,918,419</u>	<u>3,672,929</u>	
<b>Total assets less current liabilities</b>			<u>47,822,316</u>	<u>48,830,841</u>	
Defined benefit pension scheme liability	26	(9,183,000)		(4,392,000)	
<b>Net assets including pension scheme liabilities</b>			<u><u>38,639,316</u></u>	<u><u>44,438,841</u></u>	
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	19	1,703,196		2,021,168	
Restricted fixed asset funds	19	43,936,891		45,157,912	
Restricted income funds excluding pension liability		45,640,087		47,179,080	
Pension reserve		(9,185,000)		(4,392,000)	
Total restricted income funds			<u>36,455,087</u>	<u>42,787,080</u>	
Unrestricted income funds	19		<u>2,184,229</u>	<u>1,651,761</u>	
<b>Total funds</b>			<u><u>38,639,316</u></u>	<u><u>44,438,841</u></u>	

The financial statements were approved by the directors, and authorised for issue, on and are signed on their behalf, by:

9 JANUARY 2017

Graham Foster  
Chair of Trustees



The notes on pages 24 to 46 form part of these financial statements.



**Gateway Learning Community**  
**(A company limited by guarantee)**

## Statement of Cash Flows

For the year ended 31 August 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	40,425	2,475,276
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		11,701	6,937
Purchase of tangible fixed assets		(68,756)	(258,551)
Capital grants from DfE/EFA		24,815	-
<b>Net cash used in investing activities</b>		<b>(32,240)</b>	<b>(251,614)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>8,185</b>	<b>2,223,662</b>
Cash and cash equivalents brought forward		4,228,750	2,005,088
<b>Cash and cash equivalents carried forward</b>	22	<b>4,236,935</b>	<b>4,228,750</b>

# Notes to the Financial Statements

For the year ended 31 August 2016

## **1. Accounting Policies**

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

### **1.1 Basis of preparation of financial statements**

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

Gateway Learning Community constitutes a public benefit entity as defined by FRS 102.

#### **First time adoption of FRS 102**

These financial statements are the first financial statements of Gateway Learning Community prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Gateway Learning Community for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102 and SORP 2015. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'

Reconciliations to previous UK GAAP for the comparative figures are included in note 30.

### **1.2 Going concern**

The directors 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 directors 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..

## Notes to the Financial Statements

For the year ended 31 August 2016

### **1. Accounting Policies (continued)**

#### **1.3 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 directors.

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.

#### **1.4 Income**

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

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

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

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

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

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

## Notes to the Financial Statements

For the year ended 31 August 2016

### 1. Accounting Policies (continued)

#### 1.5 Expenditure

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

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

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

All resources expended are inclusive of irrecoverable VAT.

#### 1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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

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

Long-term leasehold property	-	2% straight line
Motor vehicles	-	33% straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	33% straight line

#### 1.7 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.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 1. Accounting Policies (continued)

#### 1.8 Stocks

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

#### 1.9 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.

#### 1.10 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

#### 1.11 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.

#### 1.12 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.

#### 1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 1. Accounting Policies (continued)

#### 1.14 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

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

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

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

#### 1.15 Financial instruments

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

## Notes to the Financial Statements

For the year ended 31 August 2016

### 1. Accounting Policies (continued)

#### 1.16 Conversion to an academy trust

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

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

#### 1.17 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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

Critical areas of judgement:

No other areas of critical judgement have been identified.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	5,121	5,452	-	10,573	12,565
Private sponsorship	-	-	-	-	2,760
Ormiston sponsorship	153,600	-	-	153,600	201,600
Capital grants	-	869,298	24,815	894,113	39,694
	<u>158,721</u>	<u>874,750</u>	<u>24,815</u>	<u>1,058,286</u>	<u>256,619</u>
Total donations and capital grants					

In 2015, of the total income from donations and capital grants, £216,925 was to unrestricted funds and £NIL was to restricted funds.

### 3. Activities for generating funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	82,662	-	82,662	113,022
Catering income	348,675	-	348,675	261,343
Sundry income	369,574	138,511	508,085	486,950
	<u>800,911</u>	<u>138,511</u>	<u>939,422</u>	<u>861,315</u>

In 2015, of the total income from other trading activities, £819,457 was to unrestricted funds and £41,858 was to restricted funds.

### 4. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	11,701	-	11,701	6,937

In 2015, of the total investment income, £6,937 was to unrestricted funds and £NIL was to restricted funds.



## Notes to the Financial Statements

For the year ended 31 August 2016

### 5. Income from charitable activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA revenue grants and other government grants	7,847	16,562,966	16,570,813	18,472,439
	<u>7,847</u>	<u>16,562,966</u>	<u>16,570,813</u>	<u>18,472,439</u>

In 2015, of the total income from charitable activities, £NIL was to unrestricted funds and £18,472,439 was to restricted funds.

### Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	12,581,231	12,581,231	14,924,401
Start Up Grant	-	-	-	244,010
Other DfE/EFA Grants	-	3,762,455	3,762,455	2,665,479
Non-government - revenue	7,847	16,668	24,515	-
	<u>7,847</u>	<u>16,360,354</u>	<u>16,368,201</u>	<u>17,833,890</u>
<b>Other government grants</b>				
Local Authority Grant	-	202,612	202,612	226,365
Other government grants - revenue	-	-	-	412,184
	<u>-</u>	<u>202,612</u>	<u>202,612</u>	<u>638,549</u>
	<u>7,847</u>	<u>16,562,966</u>	<u>16,570,813</u>	<u>18,472,439</u>

In 2015, of the total income from charitable activities, £NIL was to unrestricted funds and £18,472,439 was to restricted funds.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 6. Costs of activities for generating funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other costs - catering	231,135	-	231,135	343,752
Other costs - lettings	-	39,215	39,215	37,233
Other costs - non educational activities	-	-	-	56,221
Staff costs	32,876	59,279	92,155	157,877
	<u>264,011</u>	<u>98,494</u>	<u>362,505</u>	<u>595,083</u>

In 2015, of the total costs of activities for generating funds, £100,971 was expenditure from unrestricted funds and £494,112 was expenditure from restricted funds.

### 7. Analysis of expenditure on charitable activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Direct costs	-	13,299,036	13,299,036	13,131,714
Support costs	123,545	6,355,661	6,479,206	5,988,376
	<u>123,545</u>	<u>19,654,697</u>	<u>19,778,242</u>	<u>19,120,090</u>

In 2015, of the total expenditure, £684,313 was expenditure from unrestricted funds and £18,199,402 was expenditure from restricted funds.

### Detail by fund type

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
<b>Direct costs</b>				
Teaching and educational support staff costs	-	11,662,097	11,662,097	10,848,752
Depreciation - fixed asset restricted funds	-	81,171	81,171	248,947
Educational supplies	-	494,240	494,240	499,024
Examination fees	-	98,399	98,399	73,586
Staff development	-	106,560	106,560	131,986
Technology costs	-	232,626	232,626	122,345
Travel and subsistence	-	55,845	55,845	-
Other direct costs	-	403,098	403,098	890,074
Defined benefit pension costs	-	165,000	165,000	317,000
	<u>-</u>	<u>13,299,036</u>	<u>13,299,036</u>	<u>13,131,714</u>

## Notes to the Financial Statements

For the year ended 31 August 2016

	Unrestricted funds £	Restricted funds £	2016 £	2015 £
<b>Support costs</b>				
Wages and salaries	-	1,979,456	1,979,456	2,574,054
Professional curriculum	-	754,831	754,831	848,918
Recruitment and support	-	193,086	193,086	107,338
Maintenance of premises and equipment	-	774,945	774,945	375,045
Cleaning	-	27,972	27,972	26,643
Energy costs	-	341,022	341,022	166,592
Rent and rates	-	127,068	127,068	198,729
Insurance	-	94,992	94,992	125,308
Security and transport	-	58,108	58,108	107,840
Catering	-	386,692	386,692	113,006
Bank interest and charges	-	17,423	17,423	6,574
Depreciation	-	1,230,801	1,230,801	1,194,591
Other support costs	123,545	332,077	455,622	125,363
Governance costs	-	37,188	37,188	18,375
Total	<u>123,545</u>	<u>6,355,661</u>	<u>6,479,206</u>	<u>5,988,376</u>

### 8. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	99,533	39,255	223,717	362,505	595,083
Direct costs	11,662,097	81,171	1,555,768	13,299,036	12,913,714
Support costs	<u>1,979,456</u>	<u>2,117,563</u>	<u>2,382,187</u>	<u>6,479,206</u>	<u>5,988,376</u>
	<u>13,741,086</u>	<u>2,237,989</u>	<u>4,161,672</u>	<u>20,140,747</u>	<u>19,497,173</u>

In 2016, of the total expenditure, £123,545 (2015 - £NIL) was to unrestricted funds and £20,017,202 (2015 - £NIL) was to restricted funds.

### 9. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets - owned by the academy	1,353,562	1,443,538
Auditor's remuneration	20,425	15,625
Auditor's non audit costs	<u>4,550</u>	<u>2,750</u>

## Notes to the Financial Statements

For the year ended 31 August 2016

### 10. Staff costs

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	8,633,257	10,459,141
Social security costs	2,774,086	740,547
Operating costs of defined benefit pension schemes	1,989,646	1,498,828
	<u>13,396,989</u>	<u>12,698,516</u>
Supply teacher costs	316,552	744,351
Staff restructuring costs	27,545	137,816
	<u>13,741,086</u>	<u>13,580,683</u>

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

	2016	2015
	No.	No.
Teachers	121	139
Administration and support	248	293
Management	24	30
	<u>393</u>	<u>462</u>

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

	2016	2015
	No.	No.
In the band £ 60,001 - £ 70,000	5	2
In the band £ 70,001 - £ 80,000	3	5
In the band £ 80,001 - £ 90,000	2	1
In the band £ 90,001 - £100,000	0	1
In the band £150,001 - £160,000	1	1

During the year 2016, 11 (2015 - 10) higher paid employees participated in the Teachers' Pension Scheme. Pension contributions to the Teachers' Pension Scheme for these employees in 2015 totalled £83,572 (2015 - £103,589).

Included within staff costs are non-stutory / non-contractual severance payments totalling £27,545 (2015:£137,816). Individually these payments were £12,500 and £15,045.

The key management personnel of the academy trust comprise the trustees and the executive team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust during the year was £359,388.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 11. Central services

The Gateway Learning Community is a multi-academy trust which provides operational support for all its academies through joint working arrangements and through the provision of a central fund (created from a 5% top-slice of each academies budget):

The central services include:

- Finance support and consolidated services
- Site oversight and cover support
- Educational welfare support
- Attendance services
- Speech therapy services
- Educational psychologist services
- Curriculum support
- Extended provision support

The actual amounts charged during the year were as follows:

	2016	2015
	£	£
The Gateway Academy	330,000	115,000
The Gateway Primary Free School	126,500	48,961
Herringham Primary Academy	96,231	33,645
Lansdowne Primary Academy	157,544	53,672
Tilbury Pioneer Academy	57,390	44,812
	<u>767,665</u>	<u>296,090</u>
Total		

Gateway Learning Community is also part of the Ormiston Academies Trust network and pays a partnership fee to the trust for the central services which it provides. The services which the trust currently provides to its academies includes school improvement, governance, human resources, marketing, finance, and information technology. The trust seeks to improve year on year the quality and scope of the services which it provides without increasing the partnership fee to each academy.

Details of the fees charged are disclosed in note 30, the related party transactions note.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 12. Directors' remuneration and expenses

The highest paid director received remuneration of £180,583 (2015 - £174,650).

One or more directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff directors 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 directors. The value of directors' remuneration and other benefits was as follows:

		2016	2015
		£	£
K Sadler, CEO	Remuneration	155,000-160,000	150,000-155,000
	Pension contributions paid	25,000-30,000	20,000-25,000
R Epps, Principal	Remuneration	0	40,000-45,000
	Pension contributions paid	0	5,000-10,000
V Reid, Principal	Remuneration	100,000-105,000	55,000-60,000
	Pension contributions paid	15,000-20,000	10,000-15,000
S Otto, Principal	Remuneration	0	15,000-20,000
	Pension contributions paid	0	0-5,000

During the year, 1 Governor (2015 - 1) was reimbursed travel and subsistence expenses totalling £1,590 (2015 - £352).

### 13. Directors' and Officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £4,437. (2015: £768).

### 14. Other finance income

	2016	2015
	£	£
Interest on pension scheme liabilities	(165,000)	(317,000)

## Notes to the Financial Statements

For the year ended 31 August 2016

### 15. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2015	48,403,289	26,000	1,464,435	2,446,511	52,340,235
Additions	-	-	7,526	61,230	68,756
At 31 August 2016	<u>48,403,289</u>	<u>26,000</u>	<u>1,471,961</u>	<u>2,507,741</u>	<u>52,408,991</u>
<b>Depreciation</b>					
At 1 September 2015	4,231,608	26,000	869,743	2,054,972	7,182,323
Charge for the year	969,540	-	71,507	281,724	1,322,771
At 31 August 2016	<u>5,201,148</u>	<u>26,000</u>	<u>941,250</u>	<u>2,336,696</u>	<u>8,505,094</u>
<b>Net book value</b>					
At 31 August 2016	<u>43,202,141</u>	<u>-</u>	<u>530,711</u>	<u>171,045</u>	<u>43,903,897</u>
At 31 August 2015	<u>44,171,681</u>	<u>-</u>	<u>594,692</u>	<u>391,539</u>	<u>45,157,912</u>

### 16. Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>40,788</u>	<u>40,788</u>

### 17. Debtors

	2016 £	2015 £
Trade debtors	148,205	55,767
Other debtors	297,126	145,293
Prepayments and accrued income	314,400	394,006
	<u>759,731</u>	<u>595,066</u>

## Notes to the Financial Statements

For the year ended 31 August 2016

### 18. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	175,053	40,457
Other creditors	331,298	313,362
Accruals and deferred income	612,684	837,856
	<u>1,119,035</u>	<u>1,191,675</u>

	2016	2015
	£	£
<b>Deferred income</b>		
Deferred income at 1 September 2015	216,388	-
Resources deferred during the year	189,555	216,388
Amounts released from previous years	(216,388)	-
Deferred income at 31 August 2016	<u>189,555</u>	<u>216,388</u>

Deferred income relates to grant income relating specifically to future periods including for universal infant free school meals (UIFSM).



## Notes to the Financial Statements

For the year ended 31 August 2016

### 19. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted funds	1,651,761	979,180	(387,556)	(59,156)	-	2,184,229
<b>Restricted funds</b>						
General Annual Grant (GAG)	1,269,020	12,601,231	(12,529,543)	(6,980)	-	1,333,728
Pupil premium	-	1,667,894	(1,464,821)	-	-	203,073
Other DfE / EFA grants	88,229	1,673,218	(1,754,240)	-	-	7,207
Other government grants	29,182	202,612	(231,794)	-	-	-
Other income	634,737	1,431,272	(1,906,821)	-	-	159,188
Pension reserve	(4,392,000)	-	(554,000)	-	(4,239,000)	(9,185,000)
	(2,370,832)	17,576,227	(18,441,219)	(6,980)	(4,239,000)	(7,481,804)
<b>Restricted Fixed Asset funds</b>						
Inherited assets	44,333,669	-	(1,275,659)	-	-	43,058,010
DfE / EFA capital	824,243	24,815	(36,313)	66,136	-	878,881
	45,157,912	24,815	(1,311,972)	66,136	-	43,936,891
Total restricted funds	42,787,080	17,601,042	(19,753,191)	59,156	(4,239,000)	36,455,087
Total of funds	44,438,841	18,580,222	(20,140,747)	-	(4,239,000)	38,639,316

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

*Restricted general funds*

This fund represents grants received for the Gateway Learning Community's operational activities and development.

*Restricted fixed asset fund*

These grants relate to funding received from the DfE, EFA and private sponsors to carry out works of a capital nature.

*Unrestricted funds*

The unrestricted funds available to the Governors to apply for the general purposes of the Gateway Learning Community.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 19. Statement of funds (continued)

#### Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
The Gateway Academy	745,530	736,709
The Gateway Primary Free School	285,800	308,648
Herringham Primary Academy	316,675	271,345
Lansdowne Primary Academy	952,466	611,080
Tilbury Pioneer Primary School	1,584,954	1,745,147
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	3,885,425	3,672,929
Restricted fixed asset fund	43,936,891	45,157,912
Pension reserve	(9,185,000)	(4,392,000)
	<hr/>	<hr/>
Total	<u>38,637,316</u>	<u>44,438,841</u>

#### Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £	Total 2015 £
The Gateway Academy	5,006,519	1,132,649	144,606	1,960,084	8,243,858	7,723,835
The Gateway Primary Free School	1,707,703	227,840	90,241	436,865	2,462,649	2,692,165
Herringham Primary Academy	1,385,952	247,035	46,655	380,704	2,060,346	2,163,452
Lansdowne Primary Academy	2,294,388	226,041	116,889	1,295,269	3,932,587	3,655,926
Tilbury Pioneer Primary School	873,157	178,767	95,849	429,566	1,577,339	1,832,815
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>11,267,719</u>	<u>2,012,332</u>	<u>494,240</u>	<u>4,502,488</u>	<u>18,276,779</u>	<u>18,068,193</u>

## Notes to the Financial Statements

For the year ended 31 August 2016

### 20. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	43,903,897	43,903,897	45,157,912
Current assets	2,184,229	2,820,231	32,994	5,037,454	4,864,604
Creditors due within one year	-	(1,119,035)	-	(1,119,035)	(1,191,675)
Provisions for liabilities and charges	-	(9,183,000)	-	(9,183,000)	(4,392,000)
	<u>2,184,229</u>	<u>(7,481,804)</u>	<u>43,936,891</u>	<u>38,639,316</u>	<u>44,438,841</u>

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

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(1,560,525)	(117,863)
<b>Adjustment for:</b>		
Depreciation charges	1,322,771	1,443,538
Dividends, interest and rents from investments	(11,701)	(6,937)
(Increase)/decrease in debtors	(164,665)	142,640
(Decrease)/increase in creditors	(72,640)	351,898
Capital grants from DfE and other capital income	(24,815)	-
Defined benefit pension scheme finance cost	552,000	662,000
Net cash provided by operating activities	<u>40,425</u>	<u>2,475,276</u>

### 22. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash at bank	4,236,935	4,228,750
Total	<u>4,236,935</u>	<u>4,228,750</u>

### 23. Contingent liabilities

There were no contingent liabilities at 31 August 2016 or at 31 August 2015.

## Notes to the Financial Statements

For the year ended 31 August 2016

### **24. 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.

### **25. Capital commitments**

There were no capital commitments at 31 August 2016 or at 31 August 2015.

## Notes to the Financial Statements

For the year ended 31 August 2016

### 26. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the relevant Local Authorities. 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 2013.

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

#### Teachers' Pension Scheme

##### Introduction

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

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

##### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £1,076,545 (2015: £727,170).

## Notes to the Financial Statements

For the year ended 31 August 2016

### 26. Pension commitments (continued)

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](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £815,000. (2015: £778,000) of which employer's contributions totalled £582,000 (2015: £554,000) and employees' contributions totalled £233,000 (2015: £224,000). The agreed contribution rates for future years are 12.2% for employers and 5.5 - 6.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Pension increase	2.30 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.9	22.7
Females	25.3	25.1
Retiring in 20 years		
Males	25.2	24.9
Females	27.7	27.4

## Notes to the Financial Statements

For the year ended 31 August 2016

### 26. Pension commitments (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	5,056,000	3,710,000
Debt instruments	331,000	555,000
Property	816,000	661,000
Gilts	265,000	231,000
Cash	223,000	142,000
Other assets	683,000	411,000
	<hr/>	<hr/>
Total market value of assets	<u>7,374,000</u>	

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(969,000)	(925,000)
Net interest cost	(165,000)	(317,000)
	<hr/>	<hr/>
Total	<u>(1,134,000)</u>	<u>(1,242,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	10,102,000	8,831,000
Current service cost	969,000	925,000
Interest cost	408,000	369,000
Contributions by employees	233,000	231,000
Actuarial losses/(gains)	4,905,000	(166,000)
Past service costs	-	1,000
Benefits paid	(58,000)	(89,000)
Admin expenses	-	-
	<hr/>	<hr/>
Closing defined benefit obligation	<u>16,559,000</u>	<u>10,102,000</u>

## Notes to the Financial Statements

For the year ended 31 August 2016

### 26. Pension commitments (continued)

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

	2016	2015
	£	£
Opening fair value of scheme assets	5,710,000	4,737,000
Interest income	243,000	54,000
Return of plan assets (excluding net interest on the net defined pension liability)	666,000	200,000
Contributions by employer	582,000	579,000
Contributions by employees	233,000	231,000
Benefits paid	(58,000)	(89,000)
Admin expenses	(2,000)	(2,000)
	<u>7,374,000</u>	<u>5,710,000</u>
Closing fair value of scheme assets	<u>7,374,000</u>	<u>5,710,000</u>

### 27. Operating lease commitments

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

	2016	2015
	£	£
<b>Amounts payable:</b>		
Within 1 year	5,805	1,764
Between 1 and 2 years	-	2,982
	<u>5,805</u>	<u>4,746</u>
Total	<u>5,805</u>	<u>4,746</u>

### 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 year an amount of £100,000 (2015 - £131,839) was paid to Ormiston Academies Trust for services provided under a partnership agreement. Mr P Murray, a director of the Gateway Learning Community, is also a trustee of the Ormiston Academies Trust.

During the year an amount of £153,600 (2015: £201,600) was received from the Ormiston Trust, the academy trust's sponsor.



## Notes to the Financial Statements

For the year ended 31 August 2016

### 29. 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.

### 30. First time adoption of FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

<b>Reconciliation of total funds</b>	<b>Notes</b>	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		44,192,704	44,438,841
Total funds reported under FRS 102		<u>44,192,704</u>	<u>44,438,841</u>

<b>Reconciliation of net (expenditure)</b>	<b>Notes</b>	31 August 2015
		£
Net income previously reported under UK GAAP		100,137
Change in recognition of LGPS interest cost employee benefit accrual		<u>(220,000)</u>
Net deficit reported under FRS 102		<u>(119,863)</u>

Explanation of changes to previously reported funds and net income/expenditure:

- A Under previous UK GAAP, the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the charge has been to increase the debit to expense by £220k and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.