

GATEWAY LEARNING COMMUNITY

(A company limited by guarantee)

FINANCIAL STATEMENTS

FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

Members

P Murray
Duncan Murray
Di Murray
H Hodgson
D Austen

Trustees

H Hodgson, Chair
M Smith
G Foster
P Connew
P Ward
M Bentley (appointed 25 September 2017)
L Harris (appointed 20 November 2017)
K Sadler, Ex-Officio CEO
V Reid

Company registered number

05853746

Company name

The Gateway Learning Community Trust

Principal and registered office

Marshfoot Road, Grays, Essex, RM164LU

Company secretary

J Jones

Senior management team

K Sadler, CEO
V Reid, Deputy CEO
G McLaughlin, Head of School Gateway Academy
D George, Head of School Gateway Primary/Pioneer
S Otto, Head of School Herringham
S Bragg, Head of School Lansdowne

Independent auditors

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

Bankers

NatWest, 17 High Street, Grays, RM17 6NP

Solicitors

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

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TRUSTEES' REPORT
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Gateway Learning Community are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Gateway Learning Community.

Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1.

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.

Directors' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

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 Trustees

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.

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 high standards of corporate governance are maintained. The directors exercise their powers and functions with a view to fulfilling a largely strategic 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

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TRUSTEES' REPORT (continued)
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

- 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 the parents, carers and the community,
- Setting the Gateway Learning Community's standards of conduct and value, and
- Assessing and managing risk

A full trustee's meeting is held at least once a term.

The CEO assumes the accounting officer role

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.

The pay of senior staff within 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 the staff have been established by the directors following a process local and regional comparison. The Gateway Learning Community Pay Policy makes provision for retention payments for all staff.

The pay of all heads of school and senior leadership 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 qualified and experienced staff.

Related Parties and other Connected Charities and Organisations

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.

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,
- The Development of effective partnerships and services for the benefit of all the community.

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TRUSTEES' REPORT (continued)
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

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.

Strategic report

Achievements and performance

Key Performance Indicators

To end of the academic year 2017 the GLC academies are graded by Ofsted as follows:

- | | |
|-------------------------------|----------------------|
| • The Gateway Academy | Requires Improvement |
| • Herringham Primary Academy | Requires Improvement |
| • Gateway Primary Free School | Requires Improvement |
| • Lansdowne Primary Academy | Good |
| • Tilbury Pioneer Academy | Good |

Our mission has been to transform the educational provision within Tilbury and Chadwell. We are working hard to address our weaknesses and to ensure that each academy within the MAT is rated good by Ofsted.

The Gateway Academy has improved significantly in the last year with a 21% increase in pupils who achieved a good GCSE in both English and Mathematics; a 30% increase in pupils achieving a Grade 4+ in English; with 20% of all pupils achieving 7+ (equivalent to the previous A-A*) in mathematics and similarly impressive improvements across the curriculum. As a result of these improvements the Chair of the GLC Board has written to Ofsted them to invite them to re-inspect the academy as we believe it to be securely good.

We have similar evidence for the Gateway Primary Free School and will be writing to Ofsted in the New Year to invite a further inspection.

The provision across the academies in the MAT continues to be negatively affected by the high levels of teacher mobility and the increasing difficulties in recruiting suitably qualified teachers. In the past we have successfully recruited from overseas but this, due to the visa restrictions imposed by the Government, has become increasingly challenging. We continue to work hard to develop a wide ranging recruitment and retention strategy and can report that indicators suggest 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.

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2018 Outcomes for Year 11 students

Year 11 Grade 4+		2017	2018	+ / - 2017	2018 Target	+ / - Target
Basics*	All	47	60	+13%	58	+1
	Boys	45	63	+18		
	Girls	50	55	+5		
	Dis	31	43	+12		
	Non-Dis	66	73	+7		
	SEND					
English	All	52	70	+18%	66	+3
	Boys	45	70	+26		
	Girls	56	68	+11		
	Dis	37	55	+18		
	Non-Dis	70	80	+10		
	SEND					
Maths	All	62	69	+7%	66	+3
	Boys	61	77	+16		
	Girls	63	60	-3		
	Dis	48	55	+7		
	Non-Dis	76	79	+3		
	SEND					

Year 11 Grade 5+		2017	2018	+ / - 2017	2018 Target	+ / - Target
Basics*	All	31	38	+7%	35	-3
	Boys	27	38	+11		
	Girls	35	38	+3		
	Dis	20	23	+3		
	Non-Dis	44	50	+6		
	SEND					
English	All	40	50	+10%	41	-9
	Boys	35	46	+11		
	Girls	45	54	+9		
	Dis	28	38	+10		
	Non-Dis	53	59	+6		
	SEND					
Maths	All	43	48	+5%	49	-1
	Boys	35	52	+18		
	Girls	45	44	-2		
	Dis	28	36	+8		
	Non-Dis	60	58	-2		
	SEND					

• Basics combine English and Maths

2018 Outcomes for Year 6 in Reading, Writing, Mathematics and Combined

Year 6 EXPECTED +		Reading					Writing					Maths					Combined				
		2017	2018 Actual	+ / - 2017	+ / - Target	+ / - 2018 National	2017	2018 Actual	+ / - 2017	+ / - Target	+ / - 2017 National	2017	2018 Actual	+ / - 2017	+ / - Target	+ / - 2018 National	2017	2018 Actual	+ / - 2017	+ / - Target	+ / - 2018 National
		GPFS	All	51	63	+12	-14	-12	79	71	-8	-6	-5	73	70	-3	-15	-6	47	52	+5
	DYP	38	56	+18	-11	-19	67	58	-9	-16	-18	56	58	+2	-7	-18	36	56	+20	-3	-8
	SEND	21	15	-6	-6	-60	42	8	-34	-5	-68	42	15	-27	+2	61	11	0	-11	-7	-64
Herringham	All	60	64	+4	-19	-11	74	73	-1	-3	-3	71	66	-5	-15	-19	51	53	+2	-23	-11
	DYP	55	59	+4	-29	-17	61	70	+9	-7	-6	58	59	+1	-22	-26	42	44	+2	-33	-20
	SEND	15	0	-15	-25		23	0	-23	-13		8	33	+25	-5		0	0	0	-13	
Lansdowne	All	45	47	+2	-28	-28	61	72	+11	0	-6	55	55	0	-18	-21	38	39	+1	-29	-25
	DYP	39	33	-6	-41		52	66	+14	+11		48	45	-3	-22		28	24	-4	-39	
	SEND	13	0	-13	-15		31	9	-22	-6		19	9	-10	-14		6	0	-6	-8	

Year 6 GREATER DEPTH		Reading					Writing					Maths					Combined				
		2017	2018 Actual	+ / - 2017	+ / - Target	+ / - 2018 National	2017	2018 Actual	+ / - 2017	+ / - Target	+ / - 2017 National	2017	2018 Actual	+ / - 2017	+ / - Target	+ / - 2018 National	2017	2018 Actual	+ / - 2017	+ / - Target	+ / - 2018 National
		GPFS	All	9	20	+11	-16	-5	28	16	-12	-9	-1	13	11	-2	-18	-12	7	9	-2
	DYP	7	17	+10	-6	-8	22	10	-12	-3	-7	11	8	-3	-5	-15	7	6	-1	-1	-3
	SEND	0	0	0	0	-25	5	0	-5	0	-17	0	0	0	-23	0	0	0	0	0	-9
Herringham	All	21	15	-6	-31	-13	14	24	-10	-3	+4	21	10	-11	-21	-14	5	3	-2	-17	-7
	DYP	23	4	-19	-46	-24	10	22	+12	-9	+2	10	4	-6	-23	-21	3	0	-3	-24	-10
	SEND	0	0	0	0	-28	0	0	0	0	-20	0	11	+11	-2	-13	0	0	0	0	-10
Lansdowne	All	9	9	0	-19	-16	11	9	-2	-8	-8	17	16	-1	-4	-7	5	2	-3	-12	-8
	DYP	10	7	-3	-12		8	7	-1	-2		15	9	-6	-5		4	2	-2	-7	
	SEND	0	0	0	0		0	0	0	0		6	0	+6	+6		0	0	0	0	

Common to each GLC is that Ofsted judged pupils' personal development, behavior and welfare to be consistently good. All those who visit our academies agree that our young people are well-behaved and ready to learn.

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 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,

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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 and 'taking over' the feeder primaries, our MAT is a true partnership of all equals all focused on a common goal. We are not a clubs of schools but an increasingly integrated organization 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.

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. All of the GLC academies remain very popular.

Going Concern

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

Financial review

During the period, ESFA/LA grants received totalled to £16,469,000. Other income included within restricted funds totalled to £181,000. Restricted fund expenditure totalled to £18,603,000.

The main source of unrestricted income is from other trading activities totalling to £890,000.

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12 month period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the Academy has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plan and school aims.

Reserves Policy

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The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- o permanent endowment funds
- o expendable endowment funds
- o restricted income funds
- o any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the Academy and is to be spent at the trustees' discretion in furtherance of any of the Academy's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free').

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.

Total reserves at the end of the period amounted to £3,334,000. This balance includes unrestricted funds (free reserves) of £3,565,000, which is considered appropriate for the Academy Trust, and restricted funds of (£231,000).

£661,000 of funds have been ringfenced for certain expenditure. This is £600,000 for a new building at Tilbury Pioneer Primary Academy; £25,000 for the 3G Astro turf pitch; £36,000 for window repairs at Herringham Primary Academy.

Investment 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.

At 31 August 2018, no investments were held.

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

Fundraising

All schools raise funds for a number of registered charities. These funds are raised through sponsorship and donations; there is no obligation for any child/parent to donate. All funds/donations collected are given to the relevant charity in a timely manner. Funds are raised through various events held in the school such as non-uniform days, quiz questions etc. This will be developed further over future months.

Plans for future periods

Future Developments

Our key development areas for 2018-19 are as the following intentions:

- To develop leadership at all levels of the GLC to ensure that all GLC policies are consistently delivered in order that overall provision for every young person is at least good and often outstanding.

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- All teachers will provide motivating, purposeful and appropriately tailored experiences that meet every child's learning needs to ensure they may good progress.
- All pupils will develop and sustain a love of reading as a vehicle to acquire an increasingly broad and complex vocabulary and an ability to write effectively, and with increasing sophistication, in a broad range of genres.
- Every young person within the GLC to secure conceptual understanding of number to ensure that they access every stage of the mathematics curriculum.
- To continue to improve the outcomes for all pupils deemed to be disadvantaged.
- To make significant in-roads in developing support systems and provision to eradicate social, emotional and environmental barriers so that all children show good attitudes to learning, are able to self-regulate their behavior and develop metacognitive skills.
- To increase pupils vocabulary and to develop their oracy skills in order to communicate to a range of audiences with confidence and clarity and to use effective talk as a vehicle to learn.
- To continue to develop the GLC Board sub-committees to provide effective governance across all GLC schools

Funds Held as Custodian Trustee on Behalf of Others

The Gateway Learning Community and/or its trustees did not act as custodian trustee during the current or previous period.

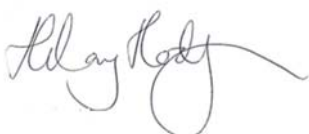
Auditor

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2018 and signed on its behalf by:

H Hodgson
Chair of Trustees



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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 information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
H Hodgson (Chair)	6	6
K Sadler (CEO)	6	6
V Reid	6	6
P Connew	6	6
M Smith	5	6
G Foster	5	6
M Bentley	6	6
P Ward	4	6
L Harris	4	5

Review of Value for Money

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

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

Ensuring the efficient and effective use of Resource

The GLC has a continued 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 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 Head of School and the CEO reviews and signs purchase orders on behalf of their academy and regularly challenges these for efficiency and effectiveness. In turn the Board is responsible for regularly reviewing the functions of the academies', 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,

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GOVERNANCE STATEMENT (continued)

Speech and Language specialists and Educational Psychologists.

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 receives regular management accounts with a summary of key issues, as well as an annual internal audit report from an independent auditor and an annual set of consolidated accounts. Necessary actions are taken (recorded in the minutes) following the receipt of each report.

Maximising income generation

The GLC explores every opportunity to generate income via bids to funding agencies, hiring our 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 Board of Directors check these reports on a half termly basis and considers the risks and their management via the annual review of the Risk Register. It approves on an annual basis the Financial Regulations and Scheme of Delegation detailing the finance related systems and procedures and other key financial policies. There is full segregation of duties in the finance systems.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Gateway Learning Community for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (continued)

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Landau Baker Limited as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of VAT
- testing of capital expenditure
- testing of income
- testing of debtors/creditors
- testing of financial reports to governors
- testing of transaction processes/Virements
- testing of policy documents

On a half termly basis, the CEO 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 internal auditor/reviewer;;
- the work of the external auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.


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GOVERNANCE STATEMENT (continued)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board 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 12 December 2018 and signed on its behalf by:

H Hodgson
Chair of Trustees



K Sadler
Accounting Officer



GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

STATEMENT ON 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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



K Sadler
Accounting Officer

Date: 12 December 2018

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

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

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

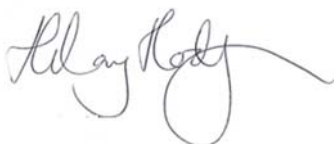
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:



H Hodgson
Chair of Trustees

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
GATEWAY LEARNING COMMUNITY**

OPINION

We have audited the financial statements of Gateway Learning Community (the 'academy') for the 12 month period ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the 12 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
GATEWAY LEARNING COMMUNITY**

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
GATEWAY LEARNING COMMUNITY**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

 for Landau Baker Limited

Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
12 December 2018

GATEWAY LEARNING COMMUNITY

(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO GATEWAY LEARNING COMMUNITY AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 26 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Gateway Learning Community during the 12 month period 1 September 2017 to 31 August 2018 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 ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Gateway Learning Community and the ESFA, 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 agreement with the Secretary of State for Education dated 1 September 2015, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 12 month period 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review and verification of evidence supporting the Accounting Officer's statement on regularity, propriety and compliance.
- Review of the Academy Trust's internal control procedures, specifically in respect to regularity, propriety and compliance.
- Focussed testing, driven by our audit of the financial statements, principally checking that:
 - o Grant income received has been expensed on prescribed expenditure; and
 - o Expenditure has been appropriately authorised in accordance with the procedures outlined in the Academy Trust's financial procedures manual.
- Discussions and written representations from the Accounting Officer and other key management

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO GATEWAY
LEARNING COMMUNITY AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

personnel (where applicable).

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the 12 month period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

12 December 2018

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018**

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	<i>Total funds 2017 (As restated) £000</i>
	Note	2018 £000	2018 £000	2018 £000	2018 £000	
INCOME FROM:						
Donations and capital grants	2	167	2	1,877	2,046	497
Charitable activities	3	-	16,469	-	16,469	16,527
Other trading activities	4	890	179	-	1,069	759
Investments	5	5	-	-	5	5
TOTAL INCOME		1,062	16,650	1,877	19,589	17,788
EXPENDITURE ON:						
Raising funds	6	99	-	-	99	100
Charitable activities		-	18,602	1,265	19,867	19,745
TOTAL EXPENDITURE	7	99	18,602	1,265	19,966	19,845
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
		963	(1,952)	612	(377)	(2,057)
Transfers between Funds	21	-	(201)	201	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		963	(2,153)	813	(377)	(2,057)
Actuarial gains/(losses) on defined benefit pension schemes	25	-	2,644	-	2,644	(50)
NET MOVEMENT IN FUNDS		963	491	813	2,267	(2,107)
RECONCILIATION OF FUNDS:						
Total funds brought forward		2,602	(9,564)	43,475	36,513	38,620
TOTAL FUNDS CARRIED FORWARD		3,565	(9,073)	44,288	38,780	36,513

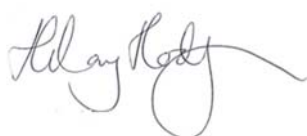
GATEWAY LEARNING COMMUNITY

**(A company limited by guarantee)
REGISTERED NUMBER: 05853746**

**BALANCE SHEET
AS AT 31 AUGUST 2018**

	Note	£000	2018 £000	£000	2017 As restated £000
FIXED ASSETS					
Tangible assets	17		43,505		43,458
CURRENT ASSETS					
Stocks	18	41		41	
Debtors	19	478		457	
Cash at bank and in hand		4,563		3,727	
				<hr/>	
		5,082		4,225	
CREDITORS: amounts falling due within one year	20	(965)		(854)	
				<hr/>	
NET CURRENT ASSETS			4,117		3,371
				<hr/>	
TOTAL ASSETS LESS CURRENT LIABILITIES			47,622		46,829
Defined benefit pension scheme liability	25		(8,842)		(10,316)
				<hr/>	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			38,780		36,513
				<hr/> <hr/>	
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	21	(231)		752	
Restricted fixed asset funds	21	44,288		43,475	
				<hr/>	
Restricted income funds excluding pension liability		44,057		44,227	
Pension reserve		(8,842)		(10,316)	
				<hr/>	
Total restricted income funds			35,215		33,911
Unrestricted income funds	21		3,565		2,602
				<hr/>	
TOTAL FUNDS			38,780		36,513
				<hr/> <hr/>	

The financial statements on pages 20 to 44 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:



**H Hodgson
Chair of Trustees**

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	23	259	32
Cash flows from investing activities:			
Dividends, interest and rents from investments		5	5
Purchase of tangible fixed assets		(1,305)	(878)
Capital grants from DfE Group		1,877	331
Net cash provided by/(used in) investing activities		577	(542)
Change in cash and cash equivalents in the 12 months period			
Cash and cash equivalents brought forward		836	(510)
		3,727	4,237
Cash and cash equivalents carried forward	24	4,563	3,727

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

1.3 Income

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

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

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

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

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

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

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

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold property	-	2% straight line
Furniture and fixtures	-	10% straight line
Motor vehicles	-	33% straight line
Computer equipment	-	33% straight line

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

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.6 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.

1.7 Debtors

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

1.8 Cash at Bank and in hand

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

1.9 Liabilities and provisions

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

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 19. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.11 Taxation

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

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.13 Fund accounting

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

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

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

GATEWAY LEARNING COMMUNITY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 August 2018 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	<i>Total funds</i>
	2018	2018	2018	2018	2017
	£000	£000	£000	£000	£000
Donations	15	2	-	17	12
Capital Grants	-	-	1,877	1,877	331
Ormiston sponsorship	152	-	-	152	154
	<u>167</u>	<u>2</u>	<u>1,877</u>	<u>2,046</u>	<u>497</u>
<i>Total 2017</i>	<u>163</u>	<u>3</u>	<u>331</u>	<u>497</u>	

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Gateway Learning Community

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	13,954	13,954	13,747
Other DfE/ESFA Grants	-	1,868	1,868	1,992
	-	15,822	15,822	15,739
Other government grants				
Local Authority Grants	-	647	647	788
	-	647	647	788
	-	16,469	16,469	16,527
<i>Total 2017 (As restated)</i>	-	16,527	16,527	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Hire of facilities	76	-	76	94
Catering income	398	-	398	361
Sundry income	416	179	595	304
	890	179	1,069	759
<i>Total 2017</i>	613	146	759	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Investment income	5	-	5	5
<i>Total 2017</i>	5	-	5	

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6. COSTS OF RAISING FUNDS

	Unrestricted funds	Restricted funds	Total funds	<i>Total funds 2017 (As restated) £000</i>
	2018 £000	2018 £000	2018 £000	
Catering costs	46	-	46	31
Staff costs	53	-	53	69
	<u>99</u>	<u>-</u>	<u>99</u>	<u>100</u>
<i>Total 2017 (As restated)</i>	<u>100</u>	<u>-</u>	<u>100</u>	

7. EXPENDITURE

	Staff costs	Premises	Other costs	Total	<i>Total 2017 (As restated) £000</i>
	2018 £000	2018 £000	2018 £000	2018 £000	
Expenditure on raising funds					
Direct costs	53	-	46	99	100
Support costs	-	-	-	-	-
Educational activities:					
Direct costs	12,186	-	1,240	13,426	13,199
Support costs	2,527	3,102	812	6,441	6,546
	<u>14,766</u>	<u>3,102</u>	<u>2,098</u>	<u>19,966</u>	<u>19,845</u>
<i>Total 2017 (As restated)</i>	<u>14,278</u>	<u>2,336</u>	<u>3,231</u>	<u>19,845</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly	Support costs	Total	<i>Tota 2017 (As restated) £000</i>
	2018 £000	2018 £000	2018 £000	
Educational activities	13,426	6,441	19,867	19,745
<i>Total 2017 (As restated)</i>	<u>13,199</u>	<u>6,546</u>	<u>19,745</u>	

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9. DIRECT COSTS

	Educational activities £000	Total 2018 £000	<i>Total</i> 2017 (As restated) £000
Educational supplies	330	330	357
Examination fees	86	86	78
Staff development	87	87	70
Technology costs	194	194	174
Travel and subsistence	29	29	23
Other direct costs	308	308	418
Professional curriculum	206	206	402
Wages and salaries	9,633	9,633	9,480
National insurance	1,049	1,049	955
Pension cost	1,504	1,504	1,242
	13,426	13,426	13,199
<i>Total 2017 (As restated)</i>	<i>13,199</i>	<i>13,199</i>	

10. SUPPORT COSTS

	Educational activities £000	Total 2018 £000	<i>Total</i> 2017 (As restated) £000
Pension finance costs	260	260	196
Professional fees	289	289	313
Recruitment and support	170	170	220
Maintenance of premises and equipment	358	358	405
Cleaning	38	38	42
Energy costs	307	307	287
Rent and rates	152	152	173
Insurance	79	79	81
Security and transport	46	46	57
Catering	532	532	583
Bank interest and charges	16	16	17
Other support costs	369	369	298
Governance costs	41	41	35
Wages and salaries	1,268	1,268	1,269
National insurance	112	112	121
Pension cost	1,147	1,147	1,143
Depreciation	1,257	1,257	1,306
	6,441	6,441	6,546
<i>Total 2017 (As restated)</i>	<i>6,546</i>	<i>6,546</i>	

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11. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	1,257	1,306
Auditors' remuneration - audit	15	15
Operating lease rentals	50	46
	1,322	1,372

12. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	10,568	10,383
Social security costs	1,161	1,076
Operating costs of defined benefit pension schemes	2,651	2,385
	14,380	13,844
Agency staff costs	313	346
Staff restructuring costs	73	88
	14,766	14,278

Staff restructuring costs comprise:

	2018 £000	2017 £000
Redundancy payments	47	-
Severance payments	26	88
	73	88

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

Included within staff costs are non statutory/non contractual severance payments totalling £26,000 (2017: £88,000). Individually these payments were £15,000, £4,500, £3,500 and £3,000.

c. Staff numbers

The average number of persons employed by the academy during the 12 months period was as follows:

	2018 No.	2017 No.
Teachers	166	163
Administration and support	283	327
Management	18	22
	467	512

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12. STAFF COSTS (continued)

d. Higher paid staff

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

	2018	<i>2017</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	3	<i>4</i>
In the band £70,001 - £80,000	5	<i>4</i>
In the band £80,001 - £90,000	1	<i>2</i>
In the band £100,001 - £110,000	1	<i>0</i>
In the band £150,001 - £160,000	1	<i>1</i>

e. Key management personnel

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 £644,000 (2017: £712,000).

13. CENTRAL SERVICES

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

- 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 academy charges for these services on the following basis:

Through the provision of a central fund created from a 5% top slice of each academies budget.

The actual amounts charged during the year were as follows:

	2018	<i>2017</i>
	£000	<i>£000</i>
The Gateway Academy	325	<i>344</i>
The Gateway Primary Free School	107	<i>120</i>
Herringham Primary Academy	95	<i>97</i>
Lansdowne Primary Academy	150	<i>176</i>
Tilbury Primary Academy	94	<i>70</i>
Total	771	<i>807</i>

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NOTES TO THE FINANCIAL STATEMENTS
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14. RELATED PARTY TRANSACTIONS- TRUSTEE'S REMUNERATION AND EXPENSES

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

		2018	<i>2017</i>
		£000	<i>£000</i>
K Sadler, CEO	Remuneration	155-160	<i>155-160</i>
	Pension contributions paid	25-30	<i>25-30</i>
V Reid, Principal	Remuneration	100-105	<i>100-105</i>
	Pension contributions paid	10-15	<i>15-20</i>

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL).

15. TRUSTEES' 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 12 months period ended 31 August 2018 was £3,920 (2017 - £3,267).

16. PENSION FINANCE COST

	2018	<i>2017</i>
	£000	<i>£000</i>
Interest income on pension scheme assets	223	<i>170</i>
Interest on pension scheme liabilities	(483)	<i>(366)</i>
	(260)	<i>(196)</i>

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NOTES TO THE FINANCIAL STATEMENTS
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17. TANGIBLE FIXED ASSETS

	Leasehold property £000	Furniture and fixtures £000	Motor vehicles £000	Computer equipment £000	Total £000
Cost					
At 1 September 2017	48,382	1,244	76	2,194	51,896
Additions	990	65	-	250	1,305
Disposals	-	-	-	(11)	(11)
At 31 August 2018	<u>49,372</u>	<u>1,309</u>	<u>76</u>	<u>2,433</u>	<u>53,190</u>
Depreciation					
At 1 September 2017	5,511	910	27	1,990	8,438
Charge for the 12 months period	968	117	17	156	1,258
On disposals	-	-	-	(11)	(11)
At 31 August 2018	<u>6,479</u>	<u>1,027</u>	<u>44</u>	<u>2,135</u>	<u>9,685</u>
Net book value					
At 31 August 2018	<u>42,893</u>	<u>282</u>	<u>32</u>	<u>298</u>	<u>43,505</u>
<i>At 31 August 2017</i>	<u>42,871</u>	<u>334</u>	<u>49</u>	<u>204</u>	<u>43,458</u>

18. STOCKS

	2018 £000	2017 £000
Clothing	41	41

19. DEBTORS

	2018 £000	2017 £000
Trade debtors	149	73
Other debtors	86	102
Prepayments and accrued income	243	282
	<u>478</u>	<u>457</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. CREDITORS: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	120	35
Other taxation and social security	290	243
Other creditors	118	54
Accruals and deferred income	437	522
	965	854
	2018	2017
	£000	£000
Deferred income		
Deferred income at 1 September 2017	247	190
Resources deferred during the year	187	247
Amounts released from previous years	(247)	(190)
	187	247

At the balance sheet date the academy trust was holding funds received in advance for grant income relating to 2018/2019.

21. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds - all funds	2,602	1,062	(99)	-	-	3,565
Restricted funds						
Restricted Funds - all funds	752	16,650	(17,432)	(201)	-	(231)
Pension reserve	(10,316)	-	(1,170)	-	2,644	(8,842)
	(9,564)	16,650	(18,602)	(201)	2,644	(9,073)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	43,475	1,877	(1,265)	201	-	44,288
Total restricted funds	33,911	18,527	(19,867)	-	2,644	35,215
Total of funds	36,513	19,589	(19,966)	-	2,644	38,780

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

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NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (continued)

Restricted general funds represent grants received for the Gateway Learning Community's operational activities and development.

Restricted fixed asset fund relates to funding received from the DfE, ESFA and private sponsors to carry out works of a capital nature.

Unrestricted funds are funds available to the Governors to apply for the general purposes of the Gateway Learning Community.

£661,000 of funds have been ringfenced for certain expenditure. This is £600,000 for a new building at Tilbury Pioneer Primary Academy; £25,000 for the 3G AstroTurf pitch; £36,000 for window repairs at Herringham Primary Academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	<i>Total 2017 £000</i>
The Gateway Academy	511	<i>629</i>
The Gateway Primary Free School	322	<i>307</i>
Herringham Primary Academy	235	<i>205</i>
Lansdowne Primary Academy	1,080	<i>900</i>
Tilbury Pioneer Primary School	1,186	<i>1,313</i>
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	3,334	<i>3,354</i>
Restricted fixed asset fund	44,288	<i>43,475</i>
Pension reserve	(8,842)	<i>(10,316)</i>
	<hr/>	<hr/>
Total	38,780	<i>36,513</i>
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2018 £000	Total 2017 £000
The Gateway Academy	5,678	1,448	88	1,562	8,776	8,779
The Gateway Primary Free School	1,467	159	63	646	2,335	2,556
Herringham Primary Academy	1,318	254	42	529	2,143	2,456
Lansdowne Primary Academy	2,311	375	88	856	3,630	3,654
Tilbury Pioneer Primary School	1,465	291	49	598	2,403	2,033
Intercompany costs removed on consolidation	-	-	-	(586)	(586)	(939)
	<u>12,239</u>	<u>2,527</u>	<u>330</u>	<u>3,605</u>	<u>18,701</u>	<u>18,539</u>

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2017 £000</i>
General funds						
General Funds - all funds	2,184	744	(327)	-	-	2,601
Restricted funds						
Restricted Funds - all funds	1,701	16,713	(17,131)	(531)	-	752
Pension reserve	(9,185)	-	(1,081)	-	(50)	(10,316)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	43,937	331	(1,324)	531	-	43,475
Total of funds	<u>38,637</u>	<u>17,788</u>	<u>(19,863)</u>	<u>-</u>	<u>(50)</u>	<u>36,512</u>

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £000	Income	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds - all funds	2,184	1,806	(426)	-	-	3,564
Restricted funds						
Restricted Funds - all funds	1,701	33,363	(34,563)	(732)	-	(231)
Pension reserve	(9,185)	-	(2,251)	-	2,594	(8,842)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	43,937	2,208	(2,589)	732	-	44,288
	36,453	35,571	(39,403)	-	2,594	35,215
Total of funds	38,637	37,377	(39,829)	-	2,594	38,779

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	43,505	43,505
Current assets	3,565	734	783	5,082
Creditors due within one year	-	(965)	-	(965)
Provisions for liabilities and charges	-	(8,842)	-	(8,842)
	3,565	(9,073)	44,288	38,780

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 (As restated) £000
Tangible fixed assets	-	-	43,458	43,458
Current assets	2,602	1,606	17	4,225
Creditors due within one year	-	(854)	-	(854)
Provisions for liabilities and charges	-	(10,316)	-	(10,316)
	2,602	(9,564)	43,475	36,513

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23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	<i>2017</i>
	£000	<i>£000</i>
Net expenditure for the year (as per Statement of Financial Activities)	(377)	<i>(2,057)</i>
Adjustment for:		
Depreciation charges	1,258	<i>1,306</i>
Dividends, interest and rents from investments	(5)	<i>(5)</i>
Decrease in debtors	40	<i>302</i>
Increase/(decrease) in creditors	50	<i>(264)</i>
Capital grants from DfE and other capital income	(1,877)	<i>(331)</i>
Defined benefit pension scheme cost less contributions payable	910	<i>885</i>
Defined benefit pension scheme finance cost	260	<i>196</i>
	<hr/>	<hr/>
Net cash provided by operating activities	259	<i>32</i>
	<hr/>	<hr/>

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	<i>2017</i>
	£000	<i>£000</i>
Cash in hand	4,563	<i>3,727</i>
	<hr/>	<hr/>
Total	4,563	<i>3,727</i>
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2018.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial 12 months period.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,504,000 (2017 - £1,242,000).

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

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

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25. PENSION COMMITMENTS (continued)

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 12 months period ended 31 August 2018 was £882,000 (2017 - £843,000), of which employer's contributions totalled £662,000 (2017 - £610,000) and employees' contributions totalled £220,000 (2017 - £233,000). The agreed contribution rates for future years are 12.2% for employers and 5.5% to 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.
Essex Pension Fund

Principal actuarial assumptions:

	2018	<i>2017</i>
Discount rate for scheme liabilities	2.65 %	<i>2.60 %</i>
Rate of increase in salaries	3.80 %	<i>4.20 %</i>
Rate of increase for pensions in payment / inflation	2.30 %	<i>2.70 %</i>

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

	2018	<i>2017</i>
Retiring today		
Males	22.3	<i>22.2</i>
Females	24.8	<i>24.7</i>
Retiring in 20 years		
Males	24.5	<i>24.3</i>
Females	27.1	<i>27.0</i>

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25. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £000	<i>Fair value at 31 August 2017 £000</i>
Equities	5,996	5,412
Debt instruments	1,053	841
Property	840	804
Cash	321	257
Other	1,206	985
	<hr/>	<hr/>
Total market value of assets	9,416	8,299
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £314,000 (2017 - £34,000).

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

	2018 £000	<i>2017 £000</i>
Current service cost	(1,543)	(1,494)
Past service cost	(27)	-
Interest income	223	170
Interest cost	(483)	(366)
Admin expenses	(2)	(1)
	<hr/>	<hr/>
Total	(1,832)	(1,691)
	<hr/>	<hr/>
Actual return on scheme assets	314	34
	<hr/>	<hr/>

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

	2018 £000	<i>2017 £000</i>
Opening defined benefit obligation	18,615	16,559
Current service cost	1,543	1,494
Interest cost	483	366
Employee contributions	220	233
Actuarial (gains)/losses	(2,330)	84
Benefits paid	(300)	(121)
Past service costs	27	-
	<hr/>	<hr/>
Closing defined benefit obligation	18,258	18,615
	<hr/> <hr/>	<hr/> <hr/>

GATEWAY LEARNING COMMUNITY
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25. PENSION COMMITMENTS (continued)

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

	2018	<i>2017</i>
	£000	<i>£000</i>
Opening fair value of scheme assets	8,299	<i>7,374</i>
Interest income	223	<i>170</i>
Actuarial gains	314	<i>34</i>
Employer contributions	662	<i>610</i>
Employee contributions	220	<i>233</i>
Benefits paid	(300)	<i>(121)</i>
Admin expenses	(2)	<i>(1)</i>
	9,416	<i>8,299</i>
Closing fair value of scheme assets	9,416	<i>8,299</i>

26. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018	<i>2017</i>
	£000	<i>£000</i>
Amounts payable:		
Within 1 year	24	<i>50</i>
Between 1 and 5 years	5	<i>21</i>
	29	<i>71</i>
Total	29	<i>71</i>

27. MEMBERS' LIABILITY

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

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28. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year an amount of £100,000 (2017: £100,000) 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 £152,000 (2017: £154,000) was received from the Ormiston Trust, the academy trust's sponsor.

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

29. PRIOR YEAR ADJUSTMENT

Following a review of the fixed asset register, it was identified that some of the assets held were not showing the correct carrying value as at 31 August 2017. As a result, the opening net book value has been restated as at 1 September 2017 from £43,475k per the prior year signed accounts to £43,458k per the current year accounts (note 17).

This adjustment has resulted in the Net Income in the Statement of Financial Activities Incorporating Income and Expenditure account being reduced by £17k.