

Charity Registration No. 292579

Company Registration No. 01859070 (England and Wales)

PATHWAYS TO INDEPENDENCE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

PATHWAYS TO INDEPENDENCE LTD

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr R M Bibi Mr S R Jenkin Ms L M Wishart Mr K H Marlowe Mr D A Kerr	(Appointed 1 February 2021) (Appointed 1 February 2021) (Appointed 1 February 2021) (Appointed 1 February 2021) (Appointed 1 February 2021)
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Secretary	Mr M Rutherford
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Charity number	292579
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Company number	01859070
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Registered office	1 Milner Square Waterloo Gardens London N1 1TY
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Auditor	Crossley Financial Accounting Limited Star House Star Hill Rochester Kent
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PATHWAYS TO INDEPENDENCE LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's [governing document], the Companies Act 2006 and "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) (effective 1 January 2019)".

Objectives and activities

Purposes and Aims

Our charity's purpose as set out in the objects contained in the company's articles of association is to:

Provide support and relief, including rehabilitation from the causes and effects of poverty, homelessness, illness and criminal behaviour for persons aged 16 and over in the county of Kent and surrounding area by providing or assisting in the provision of accommodation, education, training for employment, advice and counselling and other supportive facilities for such persons.

Our Vision

Our vision is of a society where nobody's past creates an unfair barrier to a successful future, and everybody has a home.

Ensuring our work delivers our aims

Overview of the year 2020-21

The impact of the Worldwide pandemic

The last financial year has been like no other in recent memory, with the UK living through a worldwide Corona virus pandemic and UK businesses having to adapt to the Government restrictions and enforcements, including three National lockdowns, where people were told to work from home, unless work could not be completed from the home environment.

This environmental factor caused considerable stress on the organisation, as whilst businesses closed and staff were furloughed in non essential work, Pathways continued to operate to deliver frontline supports services to some of the community's most vulnerable people. Indeed, during his financial year, Pathways management and staff opened and mobilised the new Link Project, getting it up to full capacity, as well as re-opening Hamond House in Chatham, which had been closed for several months owing to a fire in September 2019, which caused the service to close and relocate all 11 residents.

Initially, in March and April 2020, there was a paucity of Government guidance with regards to homeless services and how they should operate, so Pathways leadership guided staff and implemented rules based on current guidance at the time. It was an incredibly anxious time for staff, as there was a national shortage of PPE and they had to mix with residents and those outside their own family, as the core part of their work environment. Equally, it was a highly anxious time for residents, as whilst in each service the residents live together, they are single households all of whom share essential communal living spaces, such as kitchens and bathrooms – all at a time when Government was saying to limit mixing with others and not to share facilities.

Early spring 2021 saw the roll out of the vaccination programme to Pathways staff, as they were categorised as part of social care workers in the vaccination prioritisation groupings, owing to their work with vulnerable, homeless population. The vaccination offer to residents themselves soon followed and staff focussed their energies on enabling residents to access the vaccination centre in a joint effort with Medway and Maidstone councils.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Pathways services continued to operate throughout the whole of the three national lockdowns, initially scaling back to run skeleton rotas in the services and to try to 'bubble' teams to protect staffing numbers if whole teams had to isolate. Head office staff were required to work from home, with operational service and housing management operating a hybrid, dependent on need.

Pathways worked closely with the council at emergency, contingency planning meetings, examining ideas of staff pooling, moving out extremely vulnerable residents and using Public Health Guidance to limit any risks to health. Where there were suspected cases, contingency plans were enacted to limit the contact of the resident as much as possible. Pathways did suffer from two staff cases of Corona and several suspected cases in clients, though early on in the pandemic, testing was extremely limited and isolation relied on to limit any outbreaks. Fortunately, no service outbreaks were reported, which would have required assistance from PHE and the PHE helpline proved invaluable for senior management to use as guidance for infection control when there were uncontrollable and challenging situations, such as resident hospital discharges to shared living arrangements.

Aside from the health challenges themselves, the national restrictions impacted on the services as visitors were no longer allowed to the services and movement outside the service was limited by national lockdown guidance measures, such as going out only for essentials. These measures proved extremely hard on those living in shared accommodation and struggling with multiple issues, such as substance misuse, as other services limited their frontline services and many only performed telephone consultation. This put additional pressures on Pathways staff and much energy went into trying to encourage residents to stay in the service, limit contact with others outside and to keep them on track with their recovery journey. Isolation for residents for a major factor and as the national turned to the digital platform, those on low incomes did not have the necessary equipment to get online. Pathways executive team and trustees successfully applied to the National Lottery for support to enable wi-fi and equipment roll out across the services, which proved extremely beneficial in the short term and is likely to have a long lasting legacy effect on digital inclusion.

The Lottery grant also enabled Pathways to mitigate financial losses created by the pandemic in the sterilisation, cleaning and quarantining of rooms that were necessary for public health reasons but were not factored into the usual business model of void management. Pathways is extremely grateful to the National Lottery for its support this year.

Joining the SIG Group

Alongside the daily operations of running the charity in unprecedented times, the previous financial year saw the Pathways Trustees work with the Executive Team to put in place a strategy for change to underpin the way Pathways operates. Several options were discussed and trustees were minded to pursue some form of group structure, whereby resource functions could be outsourced to the parent company and where a smaller charity can benefit from more established central resource functions, such as business development, Human Resources and IT security.

Pathways worked with Eastside Primetime to identify potential partners. SIG was approached by PTI in the late spring of 2020 and a series of discussions were had between Chairs of Trustees and a plan of engagement was developed between the two organisations, as both felt there were mutual benefits in seriously exploring PTI joining the SIG Group. This development plan went well and PTI secured funding assistance for capacity building from Kent Community Fund to assist with the legal costs associated with the due diligence process.

The due diligence process went smoothly and PTI joined the SIG Group on 19th January 2021, keeping all staff and terms and conditions in place.

Pathways looks forward to 2021/22 and beyond to work with SIG to grow and develop the business across Kent and Medway.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

How our activities deliver public benefit

The Trustees have had due regard to the public benefit guidance published by the Charity Commission.

Pathways has been serving marginalised and socially excluded clients within communities across Kent and Medway for many years and has a proven track record in improving the lives of homeless people. Our support enables clients to significantly improve their opportunities in life and allows them to develop fulfilling and settled lives within their local community.

We are satisfied that when reviewing the charities strategic aims and objectives, as well as all activities and policies, that Pathways meets public benefit requirements.

Who used and benefited from our services?

The Link Project is an innovative partnership between PTI, Kent Surrey Sussex CRC (Seetec), National Probation Service, Maidstone Borough Council, Medway Council, Canterbury City Council and Tunbridge Wells Council. The service offers 31 supported accommodation beds to those who have been involved in the criminal justice system, left custody and are released under licence into the community.

This project opened at the beginning on 2020 and its opening was accelerated by the needs driven by the pandemic, as the service took in several referrals from the 'everyone in' directive from central government, which saw hundreds of rough sleepers moved off the streets and into any available accommodation.

Initially the project was set up with the aim of moving residents through on a 6 monthly cycle. This would have always been a challenging aim, however, it was more challenging with the onset of the pandemic, as the usual movement in the sector ceased and residents and those in the private sector, stayed put. In spite of this nine residents move on in a planned and positive way during the year.

In Medway Pathways is commissioned to run 52 supported accommodation beds for single homeless, including 15 supported beds for those who have been involved in the criminal justice system and maybe on licence and need additional support measures around their offending behaviours. During the year, 28 formerly homeless Medway residents move on in a planned and positive way, mostly into Kent Home choice accommodation or private rented independent accommodation.

In addition to the main Housing related support, Pathways secured Rough Sleeper Initiative money for the third time to run an enhanced hostel service, which gives additional support hours to five complex needs rough sleepers who have been encouraged to come into supported accommodation. Since the project started in 2018, Pathways have housed 18 RSI Complex Needs Clients. Pathways have also housed another 22 RSI Clients during this time, a total of 40 formerly homeless and rough sleeping clients have been accommodated form Medway's streets since the start of the project with positive move on and low eviction rates. This is a considerable achievement and excellent return for RSI funding investment.

Areas of work

'Housing related support needs' is the mainstay of Pathways work and encompass any skill deficiency or personal issue that affects a person's life in such a way that it inhibits their ability to maintain their own independent accommodation. Pathways uses the 'Homelessness Star' assessment tool to measure an individual's 'journey' within the following key outcome areas:

1. Motivation and taking responsibility
2. Self-care and living skills
3. Managing money and personal administration
4. Social networks and relationships
5. Drug and alcohol misuse
6. Physical health

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

7. Emotional and mental health
8. Meaningful use of time
9. Managing tenancy and accommodation
10. Offending

Whilst this tool is a deficiency-based model, it is seen by the homelessness sector as an effective tool to measure a support journey and in keeping with the developing trauma informed approaches, PTI Support Coaches use it with a strengths based approach, working with the client to understand and plan what they can do and building from there.

A client's journey is measured at a minimum of every three months during their stay with Pathways through regular key-work sessions with an allocated support coach. The aim is to develop skills so that the individual can sustain independent accommodation and not fall back into homelessness.

Achievements

Both our two major contracts attracted some public accolades. The Link project received a Kent Housing Group extraordinary award for opening and supporting clients during the pandemic, including responding proactively to the 'everyone in' directive from central government, as part of a major campaign to protect the health of homeless people.

Two support coaches from the Medway services team were 'Pride of Medway' 2020 finalists in the 'care and support' category, having been nominated for their excellent support work and care of a particular complex needs homeless resident.

Counselling

PTI is hugely grateful to the small number of volunteers who work in our organisation and this year this was difficult owing to people being required to 'stay at home' and only travel to essential activities. Sadly, this limited Pathways' ability to engage with volunteers.

Nonetheless, PTI has been fortunate in attracting a succession of student counsellors over the past few years and in this last year using a digital platform, 6 clients have successfully completed counselling sessions, with a further 4 clients still receiving counselling from Pathways.

Comments from clients included:

"It enabled me to talk to someone, it was really helpful".

Christmas Celebrations in the services

Whilst Christmas 2020 looked very different for everyone in the UK, Pathways residents were still supported and many grouped together within their household bubble to celebrate with a small budget allocated to them.

In spite of the pandemic, Pathways received support from local church KICC, who donated food and Turkey hampers to our residents which Pathways staff and management distributed. These were gratefully received and Pathways is grateful to be the recipient of this kind support for many years now.

Gardening

Being out in nature and looking after the environment, is something we are keen to support clients to do, though outdoor space in our services is often limited. Nonetheless, with the help of staff this year, 3 gardening sessions were held with eight clients taking part.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Partnership working with other organisations

Pathways continues to look for opportunities to collaborate with, or work alongside, other relevant organisations working with the same or similar client group. The following are examples of the work undertaken this year in this respect:

Outreach Work with Rough Sleepers

In 'normal times', Pathways staff are instrumental in planning and hosting multi-agency rough sleeper counts in the Medway area, in partnership with AMAT, Medway council and other local voluntary sector organisations. This year, only the main annual count took place and four staff volunteered to work through the night as part of the multi disciplinary team.

In addition, Pathways has retained the Chair for the overarching Medway Homeless Forum which meets twice a year, as well as being instrumental in its subsidiary Task and Finish groups, chairing the Rough Sleeper and Ex-Offender Task and Finish meetings during the year. These groups have continued to meet virtually and our Medway Head of Support steps down as Chair of the Homelessness Group after four years, having grown the forum with the council during this time. He will continue to be an integral and supportive member of this group.

Blue Light Group

The Blue Light Group started as a national Alcohol Concern initiative encouraging key agencies to work together in a co-ordinated manner, to target those clients who are frequent users of the 'blue light services' and has been adopted in the Medway area. It has grown to become a multi-disciplinary group and perhaps indicative of the complex needs of those the group seeks to target.

Pathways is a proactive key member of this group and regularly accommodates clients referred through this pathway. This year, most of the meetings were cancelled but is gaining force again in 2021/22 and Pathways continues to be a proactive member.

Hep C outreach clinics

Hepatitis C is an infectious disease that can infect the liver and transmitted through blood to blood contact, such as through the sharing of drug paraphernalia. Fortunately, it is a disease that can be treated and ten Medway residents accessed the outreach Hep C Trust clinics that have been run by the trust into our services.

MHS nominations

Pathways continues to welcome the partnership working with our local Housing Association, MHS Homes, who allow staff to nominate clients who have completed their package of support in supported housing and who are ready for a 'starter tenancy' with them. Four clients were housed in this reporting period which is a fantastic opportunity for independent living.

Healthy eating club

Local accommodation provider AMAT has a training kitchen and chef and invited other organisations to take part in a healthy eating group. Four Medway clients took up this offer and attended the sessions, producing some lovely dinners to share back at the service.

Welfare Benefits

The Universal Credit roll out, although only affecting DWP payments for our clients rather than Housing Benefit, continues to cause problems regarding compliance with stringent terms for our vulnerable clients.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Throughout 2020/21 our Welfare Benefits Officer held a series of virtual training events for staff to inform and advise them about changes and advise them on ways to support clients. She took on complex cases to support and successfully challenging sanctions or unfavourable decisions. The officer left the business at the end of 2020 but had significantly improved the upskilling of the PTI support staff. PTI has joined a benefits online platform to assist with queries.

Financial Review

Pathways ended 2020/21 with a Surplus of £61,248 (2019/20 – deficit of £63,823), before adjustments for the actuarial losses on the defined benefit pension scheme.

Following the merger of Pathways into the Social Interest Group, a fair value review of the assets and liabilities was undertaken. This resulted in a revaluation gain of £72,901 in tangible fixed assets. The actuarial gains on defined benefit pension schemes in the year was £1,000 (2019/20 – losses of £283,000), the final year end position was an increase in total funds to £1,170,926 from £1,035,777. Unrestricted funds increased to £1,140,785 from £1,035,777, whilst restricted funds increased by £30,141 from Nil.

Income

Income has increased in 2020/21 to £1,727,021 compared to (2019/20 - £1,517,624), mainly to the changes in the funding sources.

Most of the income continues to come from rental income and service charges.

Our Housing Related Support contract income from Medway Council has remained stable and includes funding from the Rough Sleeper Initiative providing additional, more intensive support to a small number of clients and Maidstone including the Link project.

As a result of the pandemic, we also received a grant from the Lottery which was fully spent in the year.

Expenditure

Expenditure has increased in 2020/21 £1,665,773 from £1,581,447 in the previous year

Housing Associations, landlords of several of our accommodation services, have continued to squeeze us via reduced allowances and charging for office spaces, meaning increased rent and service charges for us.

Unrestricted funds stand at £1,140,785 at 31 March 2021 (2019/20: £1,035,777). Within this fund we have designated funds of £38,545 legacy, £50,000 for major repairs, £25,000 for development (external support for organisational development and communications), £7,400 for counselling. We also have £575,860 in a general fund, £443,980 revaluation reserve.

As detailed below, we have a large pension liability on our balance sheet and require significant reserves in place to allow for that. In addition, for our sector the future funding landscape remains uncertain.

Local Government defined benefit pension liability continues to be a source of concern for the trustees. We have made an actuarial gain this year of £1,000 (2019/20 – loss £283,000), despite previous years actuarial gains and losses on the pension. The balance sheet liability stands at £577,000, a slight improvement on 2019/20 where it stood at £578,000.

Pathways has no ability to influence the actuarial gains/losses or balance sheet liability and could see losses and increased liability in future.

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New legislation with effect from 23rd September 2020 allows Employers (known as Deferred employer) to enter into an agreement with the administering authority to defer the obligation to make the exit payment (enter into a Deferred Debt Agreement) and continue to make contributions at the secondary rate as determined by the actuarial valuation until the termination of the deferred debt agreement. This is available to us even if the last member leaves. We will be reviewing this to put in place.

Reserves Policy and going concern

The Trustees reviewed the reserves policy in the light of the relevant guidance on the established level of reserves (those funds that are freely available) that the charity ought to have at any given time. Reserves are needed to bridge the funding gap between spending on services, as well as to cover the impact on working capital to increasing demand for its services and unforeseen budget variances. Reserves are also held to cover risks faced by Pathways to Independence, including loss of contract income.

The trustees evaluated the commitment to future expenditure against likely future income streams weighing each element according to size, probability, spread of risk and operational impact. The trustees consider that in light of the ongoing challenging financial environment the reserves target should be approximately £300k. The charity needs to maintain sufficient funds to cover any potential loss in contract income and short-term cash flow and to have approximately three months of expenditure available at all times and to cover costs in the event of the charity winding up. The unrestricted free reserves, excluding the past service pension plan, are £1,140,785 at 31st March 2021. This comprises of the designated fund and the property revaluation reserve.

The trustees will continue to review the reserves policy and position.

The trustees are in the process of considering options to maintain the charities continued viability and do not consider there are any material uncertainties about the charities ability to continue as a going concern for the immediate future.

Future financial challenges and plans

We face a challenging year in 2021/22. We have shown resilience and the ability to create and capitalise upon opportunities, by securing ongoing funding with partners in Maidstone to March 2022. We have been successful in joining the MOJ dynamic framework to be able to bid on future accommodation contracts. We will continue this drive for exploring new markets and business models both to deliver our services and to complement them. We will be seeking funding to deliver a pilot through the MOJ Local Leadership Innovation Fund. This will engage a range of local partners and will involve putting forward units of accommodation. Whilst we will put forward a compelling bid for the fund there will be no guarantees and we must continue to focus on the management and potential selling of units within the accommodation portfolio to local authorities.

We have been engaged in a conversation with Medway Council regarding upcoming funding for Peer Mentors. If successful, it would build the reputation within the area and will give access to funding from Health Education England for training of Staff and Peers. This is a good opportunity that we will be keen not to miss.

Shaw Trust and Porchlight have received significant funding and will be putting out a tender to become one of their approved providers. We will be putting forward a bid to join this in the hope to pick up work and engage with both organisations in a deeper way. If we do not get on to the APL this will limit our ability to grow in the area.

At the time of writing we are in the Covid-19 pandemic which has resulted in additional unbudgeted spending in keeping our clients and staff safe. This has also been an opportunity to apply for grant funding and we have been successful in being awarded a grant from The National Lottery Community Fund of £97,574 in August 20 and £7,500 from Thanet Council. These grant funds will help to offset rent losses, extra expenses incurred because of the pandemic and allow to install Wi-Fi and purchase compatible equipment in our services for the clients to use.

PATHWAYS TO INDEPENDENCE LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Plans for Future Periods

The 2020/21 period was an exceptional year with exceptional challenges and although all existing contracts were extended or secured until 2021/22, this has delayed the tender and procurement process to allow for contractual stability beyond March 2022.

There must be a continued drive to reduce the exposure of over reliance on commissioned services and consider alternative sources of income. As well as new business models, the organisation will consider alternative client markets, where the organisational expertise of running supported accommodation services may be applied to other arenas, such as health, as the right support delivered at the right time is often a more cost effective way to prevent escalation into more costly statutory services. This is something that can be focused on through the experience of the SIG Group.

Pathways must continue to focus on the delivery of our newly established services in Maidstone, looking to establish this as integral to the homelessness offer in Kent, with an adequate funding stream, whilst continuing to deliver and develop quality services in Medway and Kent.

Delayed from 2020/21, Medway will be going through a re commissioning process in the autumn of 2021, with current contracts ending 31 March 2022. Pathways intends to participate fully in this process and work with our Commissioners and others to help reshape homelessness services, starting from local needs. As stated below under risks, the recommissioning process has not started but we are confident we will secure continued business.

We retain our objective of transforming the charity into working in both a psychologically and trauma informed way. To this end, having rolled out a new suite of policies to underpin this transformation, Pathways now needs to assimilate these with the SIG Group and embed these across all the charities in the group.

Risks and uncertainties

Our Medway services will be part of a recommissioning process, with new contracts awarded to start April 2022. While this represents a great opportunity for Pathways to be involved and potentially expand our offer, it also represents a risk. At the date of this report the recommissioning process has not started, but indications are that the financial envelope will be the same, presenting challenges in recruiting and retaining enough staff to run and manage the number of buildings and risks presented by the cohort.

Pathways is delighted to have secured funding from the Link project consortium and Maidstone BC to run the Link service until March 2022, during which time SIG PTI is developing and submitting a bid to the Ministry of Justice to transform the service offer and move away from reliance on solely 'housing' related funding sources.

SIG-Pathways will be considering alternative sources of funding and business models to ensure that the charity can continue to adapt and thrive in these uncertain times.

Structure, Governance and Management

Governing Document

Pathways is a charitable company limited by guarantee, governed by Articles of Association. The Articles of Association were amended on the 20th January 2021. The Social Interest Group is the sole Member of the company and, in the event of the company winding up, is limited in liability to £1.

The non-executive trustees of the Social Interest Group are the trustees of Equinox Care.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts.

PATHWAYS TO INDEPENDENCE LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

The trustees carried out a self assessment review to see how we measure up against the Charity Code of Governance and found that we are compliant with the principles of the code. We will carry out this process on an annual basis and will undertake an external review of our charity governance every 3 years.

Decision-making

The board of trustees meet at least quarterly to consider reports and representation from the senior management team. The Executive Director is appointed by the trustees to manage the day to day operations of the charity and implement the strategic plan. Sub-committees are formed to consider specific projects when required.

Trustees are required to disclose all relevant interests and register them with the Company Secretary and, in accordance with the charity's Conflict of Interests policy, withdraw from decisions where a conflict of interest arises.

Risk Management

The Board of Trustees has assessed the major risks to which the charity is exposed, in particular those related to the operations of the charity and its finances and is satisfied that, as far as possible, the systems are in place to mitigate exposure to the major risks.

The main risk identified are:

- Loss of financial support from local authorities
- Defined benefit pension scheme liability
- Significant losses from contract delay, arrears and voids
- Data protection compliance
- Insufficient Trustees to cover all areas of work
- Impact of emergencies, flood, fire etc, business continuity
- Organisations systems and or data corrupted/extracted by Cyber attack
- Health and safety failure

Senior management review risks and take mitigating actions through an annual action plan throughout the year, reporting at least annually to the board and updating as necessary.

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.

This report was approved by the Trustees, on

2021 and signed on their behalf by:

Mr J A Gilbourne	(Resigned 1 February 2021)
L E A Blake	(Resigned 1 February 2021)
S L Miller	(Resigned 1 February 2021)
P Nancoo	(Resigned 1 February 2021)
A C Skinner	(Resigned 1 February 2021)
A J Vincent	(Resigned 1 February 2021)
P L H Whaley	(Resigned 1 February 2021)
Mr R M Bibi	(Appointed 1 February 2021)
Mr S R Jenkin	(Appointed 1 February 2021)
Ms L M Wishart	(Appointed 1 February 2021)
Mr K H Marlowe	(Appointed 1 February 2021)
Mr D A Kerr	(Appointed 1 February 2021)

PATHWAYS TO INDEPENDENCE LTD

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2021*

The Trustees' report was approved by the Board of Trustees.



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Mr K H Marlowe

Dated: 8th December 2021

PATHWAYS TO INDEPENDENCE LTD

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF PATHWAYS TO INDEPENDENCE LTD

Opinion

We have audited the financial statements of Pathways to Independence Ltd (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

PATHWAYS TO INDEPENDENCE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF PATHWAYS TO INDEPENDENCE LTD

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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 charity for the purpose 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 charity'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Risks

Based on our understanding of the company and industry, we identified that the principle risks of non-compliance with laws and regulations related to compliance with the House in Multiple Occupation Licence, health and safety and various legislation governing safeguarding vulnerable adults and we considered the extent to which non-compliance might have a material effect on the financial statements of the company.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and Companies Act 2006.

In addition, we considered provisions of other laws and regulations that do not have a direct impact on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These include data protection, employment and environmental.

We evaluated managements incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue recognition, posting inappropriate journals entries to increase income or reduce expenditure, and management bias in accounting estimates and judgmental areas of the financial statements such as provisions for bad and doubtful debts, accruals and carrying value of fixed assets.

PATHWAYS TO INDEPENDENCE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF PATHWAYS TO INDEPENDENCE LTD

Audit response

Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management
- Understanding of management's internal controls designed to prevent and detect irregularities.
- Reviewing relevant meeting minutes
- Review of tax compliance
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of testing of expenses
- Testing transactions entered into outside the normal course of business
- System walkthroughs are used to develop an in depth understanding of the entity's control environment, however, minimal reliance is placed on control within the audit approach. Substantive test of details are carried out, with a broad scope, in order to adequately explore all aspects of revenue recognition.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risk of material misstatement due to fraud
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, by for example, forgery, or intentional misrepresentation, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



S Meah FCCA (Senior Statutory Auditor)
for and on behalf of Crossley Financial Accounting Limited

20 December 2021
.....

Chartered Accountants
Statutory Auditor

Star House
Star Hill
Rochester
Kent

Crossley Financial Accounting Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

PATHWAYS TO INDEPENDENCE LTD

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Income from:							
Donations and legacies	3	7,696	-	7,696	6,363	-	6,363
Charitable activities	4	1,586,603	132,574	1,719,177	1,509,318	-	1,509,318
Investments	5	148	-	148	1,943	-	1,943
Total income		1,594,447	132,574	1,727,021	1,517,624	-	1,517,624
Expenditure on:							
Charitable activities	6	1,563,340	102,433	1,665,773	1,576,447	5,000	1,581,447
Net incoming/(outgoing) resources		31,107	30,141	61,248	(58,823)	(5,000)	(63,823)
Other recognised gains and losses							
Revaluation of tangible fixed assets		72,901	-	72,901	-	-	-
Actuarial gain/(loss) on defined benefit pension schemes		1,000	-	1,000	(283,000)	-	(283,000)
Net movement in funds		105,008	30,141	135,149	(341,823)	(5,000)	(346,823)
Fund balances at 1 April 2020		1,035,777	-	1,035,777	1,377,600	5,000	1,382,600
Fund balances at 31 March 2021		1,140,785	30,141	1,170,926	1,035,777	-	1,035,777

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

PATHWAYS TO INDEPENDENCE LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	10		1,365,209		1,304,927
Current assets					
Debtors	11	228,626		210,602	
Cash at bank and in hand		461,389		359,536	
		<u>690,015</u>		<u>570,138</u>	
Creditors: amounts falling due within one year	13	<u>(237,735)</u>		<u>(161,128)</u>	
Net current assets			452,280		409,010
Total assets less current liabilities			1,817,489		1,713,937
Creditors: amounts falling due after more than one year	14		(69,563)		(100,160)
Provisions for liabilities			<u>(577,000)</u>		<u>(578,000)</u>
Net assets			<u>1,170,926</u>		<u>1,035,777</u>
Income funds					
Restricted funds	16		30,141		-
<u>Unrestricted funds</u>					
Designated funds	17	120,945		120,945	
General unrestricted funds		575,860		543,753	
Revaluation reserve		<u>443,980</u>		<u>371,079</u>	
			<u>1,140,785</u>		<u>1,035,777</u>
			<u>1,170,926</u>		<u>1,035,777</u>

PATHWAYS TO INDEPENDENCE LTD

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2021

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2021, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 8th December 2021.



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Mr K H Marlowe
Trustee

Company Registration No. 01859070

PATHWAYS TO INDEPENDENCE LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	20		160,925		(37,588)
Investing activities					
Purchase of tangible fixed assets		(35,531)		(118,353)	
Proceeds on disposal of tangible fixed assets		456		4,138	
Investment income received		148		1,943	
Net cash used in investing activities			(34,927)		(112,272)
Financing activities					
Repayment of bank loans		(12,626)		(12,104)	
Payment of obligations under finance leases		(11,519)		(10,481)	
Net cash used in financing activities			(24,145)		(22,585)
Net increase/(decrease) in cash and cash equivalents			101,853		(172,445)
Cash and cash equivalents at beginning of year			359,536		531,981
Cash and cash equivalents at end of year			461,389		359,536

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

Pathways to Independence Ltd is a private company limited by guarantee incorporated in England and Wales. The registered office is 1 Milner Square, Waterloo Gardens, London, N1 1TY.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "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) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The Company continues to be profitable and with net assets. The Trustees have looked at the performance to 31st March 2021 and the post year end period. They have also taken into consideration the underlying cashflows expected over a period of at least twelve months from the date of signing this report. The Trustees consider that the outlook presents challenges and uncertainty in terms of Service Users and contract renewal, and the ever changing impact of COVID-19. The Trustees have instigated measures to manage liquidity.

The Company continues to operate under contracts which are subject to renewal within the next 12 months. Analysis and budgeting has determined that the Company is in a healthy position, and continues to be profitable. In addition, with the Company joining the Social Interest Group, there are additional opportunities for the Company to explore.

Stress testing has emphasized the Company's ability to continue operating for the foreseeable future even with severe impacts on revenue generation. Based on the above, the Trustees believe the company will continue to operate as a going concern.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Expenditure

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

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

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

All expenditure is inclusive of irrecoverable VAT

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

All assets costing more than £750 are capitalised.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	50 years straight line
Leasehold property	100/50 years straight line
Office equipment	3 years straight line
Other fixed assets	3 years straight line
Fixtures and fittings	3 years straight line
Motor vehicles	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.8 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

1.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Judgements

Critical judgements, apart from those involving estimations that are applied in the preparation of the financial statements are discussed below;

Leases

Management exercises judgement in determining the classification of leases as finance or operating leases at the inception of the lease. Management considers the likelihood of exercising the break clauses or extension options in determine the lease term. Where the lease term constitutes substantially all the economic life of the asset, or where the present value of minimum lease payments amount to substantially all of the fair value of the property, the lease is classified as a finance lease. All other leases are classified as operating leases.

Land and buildings

Management exercise judgement over the split of property owned between land and buildings. This effects the calculation of depreciation each year and the carrying value of property.

Estimates

The key assumptions about the future and other key sources of estimation uncertainty at the reporting period end that may have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below;

Management estimate the value of debts that are not recoverable based on knowledge of the clients and the probability of recovery.

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

2 Critical accounting estimates and judgements

(Continued)

Costs

Accounting for pension costs involves judgement about uncertain events, including estimated retirement dates, mortality rates, the determination of discount rates for measuring scheme obligations and net interest expense and assumptions for inflation rates.

These assumptions are based on the environment and they may vary from year to year, which would affect the future net income and assets, as will any differences between the assumptions applied and the actual outcome.

Retirement benefit assumptions are based on an actuarial valuation which is performed each year by an independent expert. These assumptions are used to determine the projected benefit obligation at the year end and hence the deficit recorded on the company's balance sheet, and pension expenses for the following year.

The assumptions used are provided in note 15.

The discount rate and inflation rate have a significant effect on the amounts reported.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Donations and gifts	7,696	6,363

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Charitable activities

	Unrestricted funds	Restricted funds	Total 2021	Unrestricted funds
	2021	2021		2020
	£	£	£	£
SSTS grant	123,989	-	123,989	371,128
Housing related support - KCC	74,541	-	74,541	73,992
Housing related support - Medway	210,989	30,000	240,989	253,124
Other	104,645	102,574	207,219	3,341
Service charges	32,005	-	32,005	19,623
Rental income	1,040,434	-	1,040,434	698,552
Maidstone commission contract	-	-	-	89,558
	<u>1,586,603</u>	<u>132,574</u>	<u>1,719,177</u>	<u>1,509,318</u>
Analysis by fund				
Unrestricted funds	1,586,603	-	1,586,603	1,509,318
Restricted funds	-	132,574	132,574	-
	<u>1,586,603</u>	<u>132,574</u>	<u>1,719,177</u>	<u>1,509,318</u>

5 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Bank interest receivable	148	1,943
	<u>148</u>	<u>1,943</u>

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

6 Charitable activities

	Provision of accommodation	Provision of accommodation	Education and welfare	Total 2020
	2021	2020	2020	
	£	£	£	£
Wages and salaries	430,168	508,323	-	508,323
Net interest expense	-	1,000	-	1,000
Travel	6,125	11,550	-	11,550
Volunteer expenses	-	749	-	749
Premises expenses	433,088	383,786	-	383,786
Residents welfare	108,499	9,817	5,000	14,817
Legal and professional	12,603	14,255	-	14,255
Bad debts & recoverables	20,417	240	-	240
Move in fund	3,749	7,869	-	7,869
Client expenses	462	3,427	-	3,427
National insurance	40,693	46,712	-	46,712
Pension costs	58,865	28,461	-	28,461
Security staff costs	147,355	123,023	-	123,023
Staff costs	-	116	-	116
	<u>1,262,024</u>	<u>1,139,328</u>	<u>5,000</u>	<u>1,144,328</u>
Share of support costs (see note 7)	403,749	437,119	-	437,119
	<u>1,665,773</u>	<u>1,576,447</u>	<u>5,000</u>	<u>1,581,447</u>
Analysis by fund				
Unrestricted funds	1,563,340	1,576,447	-	1,576,447
Restricted funds	102,433	-	5,000	5,000
	<u>1,665,773</u>	<u>1,576,447</u>	<u>5,000</u>	<u>1,581,447</u>

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

7 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Staff costs	75,618	-	75,618	126,609	-	126,609
Recruitment	2,754	-	2,754	13,135	-	13,135
Training	11,587	-	11,587	21,017	-	21,017
Depreciation	47,693	-	47,693	59,058	-	59,058
Travel	1,088	-	1,088	2,004	-	2,004
Training	11,587	-	11,587	21,017	-	21,017
Other office costs	200,026	-	200,026	112,124	-	112,124
Legal and professional	45,296	-	45,296	77,154	-	77,154
Insurance	10,582	-	10,582	8,636	-	8,636
Mortgage and lease interest	3,370	-	3,370	8,460	-	8,460
Profit or loss on disposal of fixed assets	397	-	397	3,576	-	3,576
Audit fees	-	5,338	5,338	-	5,346	5,346
	<u>398,411</u>	<u>5,338</u>	<u>403,749</u>	<u>431,773</u>	<u>5,346</u>	<u>437,119</u>
Analysed between Charitable activities	<u>398,411</u>	<u>5,338</u>	<u>403,749</u>	<u>431,773</u>	<u>5,346</u>	<u>437,119</u>

8 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2021	2020
	Number	Number
Project support	13	16
Administration and management	6	7
	<u>19</u>	<u>23</u>

Employment costs

	2021	2020
	£	£
Wages and salaries	496,614	622,271
Social security costs	46,924	55,359
Other pension costs	61,806	32,475
	<u>605,344</u>	<u>710,105</u>

The total employee benefits of the key management personnel of the Charity were £134,409 (2020 - £112,464).

The number of employees whose annual remuneration was £60,000 or more were:

	2021	2020
	Number	Number
In the band £60,001 - £70,000	<u>1</u>	<u>-</u>

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10	Tangible fixed assets	Freehold property £	Leasehold property £	Fixtures and fittings £	Office equipment £	Motor vehicles £	Other fixed assets £	Total £
	Cost or valuation							
	At 1 April 2020	1,087,893	170,352	34,069	112,577	12,100	116,131	1,533,122
	Additions	4,055	-	12,727	5,118	-	13,631	35,531
	Disposals	-	-	(508)	-	-	(4,176)	(4,684)
	Revaluation	58,052	-	-	-	-	-	58,052
	At 31 March 2021	1,150,000	170,352	46,288	117,695	12,100	125,586	1,622,021
	Depreciation and impairment							
	At 1 April 2020	14,848	13,995	22,505	96,979	1,008	78,859	228,194
	Depreciation charged in the year	-	2,808	9,460	14,815	2,420	18,191	47,694
	Eliminated in respect of disposals	-	-	(448)	-	-	(3,780)	(4,228)
	Revaluation	(14,848)	-	-	-	-	-	(14,848)
	At 31 March 2021	-	16,803	31,517	111,794	3,428	93,270	256,812
	Carrying amount							
	At 31 March 2021	1,150,000	153,549	14,771	5,901	8,672	32,316	1,365,209
	At 31 March 2020	1,073,044	156,357	11,563	15,599	11,092	37,272	1,304,927

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £11,041 (2020 - £13,250) for the year.

	2021	2020
	£	£
Office equipment	-	11,041

Land and buildings with a carrying amount of £1,150,000 were revalued by Drakes Property Ltd and Cooke & Co Ltd, independent valuers not connected with the charity on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

At 31 March 2021, had the revalued assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £676,153 (2020 - £688,103).

11 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	180,721	55,228
Other debtors	5,000	1,201
Prepayments and accrued income	42,905	154,173
	<u>228,626</u>	<u>210,602</u>

12 Loans and overdrafts

	2021	2020
	£	£
Bank loans	76,458	89,084
	<u>76,458</u>	<u>89,084</u>
Payable within one year	13,735	11,729
Payable after one year	62,723	77,355
	<u>76,458</u>	<u>77,355</u>

The bank loan is secured by way of a first legal charge over a freehold property owned by the Charity.

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

13 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	12	13,735	11,729
Obligations under finance leases		15,792	11,346
Other taxation and social security		8,579	19,343
Trade creditors		28,788	61,066
Other creditors		7,463	10,724
Accruals and deferred income		163,378	46,920
		<u>237,735</u>	<u>161,128</u>

14 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans	12	62,723	77,355
Obligations under finance leases		6,840	22,805
		<u>69,563</u>	<u>100,160</u>

Obligations under finance leases and hire purchase contracts, included above are secured over the assets financed.

15 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Retirement benefit schemes

(Continued)

Defined benefit schemes

The charity operates a pension scheme providing benefits based on final pensionable pay for 1 employee and 10 ex employees. The assets of the scheme are held separately from those of the charity, being invested in an independently administered fund. The charity is an employing body within the Kent County Council Pension Fund which itself is part of the Local Government Pension Scheme. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 March 2021.

The independent actuary also prepares an annual valuation specific to the Charity for the sole purpose of accounting and reporting details of the Fund under the provisions of Financial Reporting Standard (FRS102) and the details that follow are drawn from that report for the year ended 31 March 2021. The accounts are prepared under the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019). It should be noted that the figures presented are only for the purposes of FRS 102 and have no validity in other circumstances. In particular, they are not relevant for calculation undertaken for funding purposes or for other statutory purposes under UK legislation.

The pension charge for the year was £12,180 (2019 - £14,350) and is shown under pension costs; defined benefit, in Note 9. The contributions of the company for the year were 19.50% and employees are 6.8% and 6.5%.

The defined benefit scheme is now closed to new members and so under the projected unit method the current service cost would be expected to increase over time as members of the scheme approach retirement.

Other information

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

Key assumptions

	2021	2020
	%	%
Discount rate	2.00%	2.35%
Expected rate of increase of pensions in payment	2.80%	2.00%
Expected rate of salary increases	3.80%	3.00%
	====	====

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2021	2020
	Years	Years
Retiring today		
- Males	21.6	21.8
- Females	23.6	23.7
	====	====
Retiring in 20 years		
- Males	22.9	23.2
- Females	25.1	25.2
	====	====

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Retirement benefit schemes

(Continued)

Amounts recognised in the income statement:

	2021	2020
	£	£
Current service cost	13,000	14,000
Net interest on defined benefit liability/(asset)	13,000	8,000
Other costs and income	1,000	71,000
	<u>27,000</u>	<u>93,000</u>

Amounts taken to other comprehensive income:

	2021	2020
	£	£
Actual return on scheme assets	(284,000)	76,000
Less: calculated interest element	22,000	25,000
	<u>(262,000)</u>	<u>101,000</u>
Return on scheme assets excluding interest income	(262,000)	101,000
Actuarial changes related to obligations	282,000	104,000
Other gains and losses	-	(1,000)
	<u>20,000</u>	<u>204,000</u>

The amounts included in the statement of financial position arising from the charity's obligations in respect of defined benefit plans are as follows:

	2021	2020
	£	£
Present value of defined benefit obligations	1,818,000	1,515,000
Fair value of plan assets	(1,241,000)	(937,000)
	<u>577,000</u>	<u>578,000</u>

Movements in the present value of defined benefit obligations:

	2021
	£
Liabilities at 1 April 2020	1,515,000
Current service cost	13,000
Benefits paid	(29,000)
Actuarial gains and losses	282,000
Interest cost	35,000
Other	2,000
	<u>1,818,000</u>
At 31 March 2021	<u>1,818,000</u>

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Retirement benefit schemes

(Continued)

The defined benefit obligations arise from plans which are wholly or partly funded.

Movements in the fair value of plan assets:

	2021 £
Fair value of assets at 1 April 2020	937,000
Interest income	22,000
Return on plan assets (excluding amounts included in net interest)	262,000
Benefits paid	(29,000)
Contributions by the employer	48,000
Contributions by scheme members	2,000
Other	(1,000)
	<hr/>
At 31 March 2021	1,241,000
	<hr/> <hr/>

The fair value of plan assets at the reporting period end was as follows:

	2021 £	2020 £
Equity instruments	799,000	577,000
Debt instruments	314,000	233,000
Property	128,000	127,000
	<hr/>	<hr/>
	1,241,000	937,000
	<hr/> <hr/>	<hr/> <hr/>

16 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds					
	Balance at 1 April 2019 £	Resources expended £	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Balance at 31 March 2021 £
Education and welfare	5,000	(5,000)	-	-	-	-
Improving digital inclusion	-	-	-	5,000	(4,859)	141
Move on fund	-	-	-	30,000	-	30,000
Corona virus community support grant	-	-	-	97,574	(97,574)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,000	(5,000)	-	132,574	(102,433)	30,141
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2019	Resources expended	Transfers	Balance at 1 April 2020	Movement in funds Incoming resources	Balance at 31 March 2021
	£	£	£	£	£	£
Development fund	25,000	(30,409)	30,409	25,000	-	25,000
Counselling	7,400	(2,085)	2,085	7,400	-	7,400
Legacy	38,545	-	-	38,545	-	38,545
Major repairs sinking fund	50,000	(30,924)	30,924	50,000	-	50,000
	<u>120,945</u>	<u>(63,418)</u>	<u>63,418</u>	<u>120,945</u>	<u>-</u>	<u>120,945</u>

Designated fund: Development fund

Trustees agree to hold a designated development fund to finance developments within the business plan in terms of the structure and resources of the organisation and any increase or change in services provided. In 2019/20 we incurred costs to cover external support on organisational development (including all client policies being reviewed), to help embed our Trauma Informed and Psychologically Informed Environment approach. Funds were also expended on a pension (defined benefit pension liability) and strategy review. We hope it will also help us to adapt to survive in the changing funding environment and improve our service provision for clients. Funds are again put aside as part of developing business needs.

Designated fund: Major repair sinking fund

This fund is used for major works and decoration required at our properties. We have some works planned and will assess need across other services during 2020/21.

Designated fund: Counselling

Development of added value services for clients such as counselling, anger management support, restorative justice and life and work-related skills. In 2020/21 we are continuing our counselling service.

Designated fund: Legacy

We received a very welcome but unexpected legacy of £50,000 in December 2017. We were given a name, but no other details as regards the donor. The trustees agreed that the funds be used for the direct benefit of clients, towards client related services, such as Education and Welfare. This might be for short courses, study or work equipment, travel to see relatives or basic toiletries or clothes.

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

17 Designated funds

(Continued)

General funds: all funds

At all times, free unrestricted or undesignated reserves are held sufficient to meet a minimum of three months' operational costs, based on previous expenditure. This fund also contains the actuarial losses/gains from our defined benefit pension scheme: this does not cover our full balance sheet liability but ring fences gains made, as we may well experience losses in the future.

General Funds: Revaluation reserve

This fund is a result of the gains on revaluation of our two owned properties in Chatham and Ramsgate in 2015/16, 2018/19 and 2020/21, adjusted for depreciation.

18 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:						
Tangible assets	1,365,209	-	1,365,209	1,304,927	-	1,304,927
Current assets/ (liabilities)	422,139	30,141	452,280	409,010	-	409,010
Long term liabilities	(69,563)	-	(69,563)	(100,160)	-	(100,160)
Provisions and pensions	(577,000)	-	(577,000)	(578,000)	-	(578,000)
	<u>1,140,785</u>	<u>30,141</u>	<u>1,170,926</u>	<u>1,035,777</u>	<u>-</u>	<u>1,035,777</u>

19 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	72,952	91,023
Between two and five years	73,440	140,642
In over five years	46,000	51,750
	<u>192,392</u>	<u>283,415</u>

PATHWAYS TO INDEPENDENCE LTD

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

20	Cash generated from operations		2021	2020
			£	£
	Surplus/(deficit) for the year		61,248	(63,823)
	Adjustments for:			
	Investment income recognised in statement of financial activities		(148)	(1,943)
	Depreciation and impairment of tangible fixed assets		47,693	59,058
	Movements in working capital:			
	(Increase) in debtors		(18,023)	(61,861)
	Increase in creditors		70,155	30,981
	Cash generated from/(absorbed by) operations		160,925	(37,588)
21	Analysis of changes in net funds			
		At 1 April 2020	Cash flows	At 31 March 2021
		£	£	£
	Cash at bank and in hand	359,536	101,853	461,389
	Loans falling due within one year	(11,729)	(2,006)	(13,735)
	Loans falling due after more than one year	(77,355)	14,632	(62,723)
	Obligations under finance leases	(34,151)	11,519	(22,632)
		236,301	125,998	362,299