
PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

PATHWAYS TO INDEPENDENCE LTD
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

Trustees	J M Norley, Chairman of the Board (resigned 17 October 2018) L Blake K A Freeman (resigned 17 October 2018) J A Gilbourne, Hon Treasurer S Miller P Nancoo A Vincent, Vice Chair (elected 17 October 2018) A Skinner, Chair (elected 17 October 2018)
Company registered number	01859070
Charity registered number	292579
Registered office	25 Victoria Street Rochester Kent ME1 1XJ
Company secretary	L Humphrey
Chief executive officer	L Humphrey, Chief Co - Executive (appointed 11 October 2018) H Campbell-Wroe, Chief Co - Executive (appointed 11 October 2018) D Pearson, Chief Co - Executive (resigned 19 October 2018)
Independent auditor	Crossley Financial Accounting Limited Chartered Accountants Statutory Auditors Star House Star Hill Rochester Kent ME1 1UX
Bankers	HSBC Bank plc 1/5 Week Street Maidstone Kent ME14 1QW

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The Trustees present their annual report together with the audited financial statements of for the year 1 April 2018 to 31 March 2019. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Structure, governance and management

Aims and objectives

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

Set against the continued sector background of government austerity seeing upper and lower tier councils having to make huge cuts to services, Universal Credit roll out, and the continued raising of the threshold for clients accessing statutory services for support, 2018/19 was a year of considerable turbulence for Pathways to Independence.

Kent County Council gave notice of the withdrawal of funding for offender support services (ending 31 March 2019), and began a new commissioning cycle to develop new homelessness services in Kent in which offenders did not feature as a vulnerable group.

Pathways senior management focussed on preparing for, then dealing with the consequences of, the ending of offender support services in Kent which resulted in the closure of seven offender services, caused a restructure of the organisation and led to a major loss of rental and support income.

Along with the huge organisational impact, the closure of services meant the loss of 37 supported offender beds and the ensuing decant and re-accommodation of those vulnerable clients.

This coincided with, and impacted on, the organisational ambition to develop trauma informed and psychologically aware services and staff, meaning the planned roll out of changing service ethos was hindered by the lack of organisational stability.

In spite of these most challenging circumstances, Pathways has continued to run high quality supported accommodation services, making positive impact on the lives of the most vulnerable and delivering good value outcomes for the public purse. We also attracted some additional funds in Medway for some more intensive work with a small number of clients, through the Rough Sleeper Initiative funding stream. This funding was

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renewed for 2019/20.

New opportunities were sought and secured into 2019/20 (in Thanet and Maidstone), and successfully delivering these new major projects will be the strategic focus for the majority of 2019/20, with the plan to ensure a longer term funding route.

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.

Pathways provides supported accommodation to the homeless in Medway and Kent. 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 overall number of referrals has significantly dropped compared with the same time last year and it is a likely impact of the withdrawal of funding provided by Kent County Council, meaning the slow down and eventual ceasing of offender referrals to the organisation. In spite of these circumstances, the demand for the services continues to outstrip the number of supported accommodation places the organisation had available (89). 410 referrals were received in total for this year, with the demand for specialist supported placements for those leaving prison and supervised by National Probation Service or Community Rehabilitation Company accounting for almost two thirds of referrals received. Of these referrals, approximately 21% were categorised by PTI as 'high risk' and required additional risk assessment by an experienced manager; only 3 of these high risk referrals were refused by PTI senior managers.

During the year, 57 new clients were accommodated and the average length of stay with PTI was 384 days for generic homeless clients (slightly higher than 2018) and 374 (the same as 2018) for those with offending backgrounds.

Areas of work – Supported, Activities, Counselling

'Housing related support needs' 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

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

A client's journey is measured at various stages during their stay with Pathways through regular key-work sessions with an allocated staff member. The aim is to develop skills in the above areas so that they can live alone, long term, with minimal assistance and understanding the responsibilities of being a tenant and having the skills to maintain that tenancy to create stability in their lives.

The majority of our clients present with multiple and inter-locking needs and Pathways is committed to either resourcing, or sourcing different services and/or meaningful activities to help empower clients and meet the diverse level of need. Maintaining positive relationships with local agencies is vital in this process and we value working closely with the following agencies (amongst others) to deliver our services: Medway Council, IOM Performance and Delivery Group, Ashdown Medway Accommodation Trust, Turning Point, The Trussel Trust, Kent Police, One Big Family, Medway Churches Winter Refuge, St Barnabas House, Kent County Council, Thanet District Council, Metro, National Probation Services, Seetec (CRC), Maidstone and MidKent MIND, The Forward Trust, Thanet Volunteer Bureau, MEGAN CIC, Porchlight, Medway Volunteer Centre, Salvation Army, Making A Difference to Maidstone, Maidstone Borough Council, Change Grow Live.

Examples of additional work that Pathways prioritised during 2018/19 to expand our in house service offer included:

External educational trips

As part of the organisation's strategic commitment to developing PIE services, Pathways management has been keen to revamp the understanding of 'key work' and move away from the more traditional approach of key work solely taking place in the service, to empowering staff to allow them to take clients out into the community.

Initial feedback has been overwhelmingly positive, as clients are encouraged to access places they may never have been or undertake activities they are not able to do, owing to financial, social or self-esteem restrictions. Staff too have reported the benefits of seeing clients in different settings and of supporting them as they navigate their own way.

As well as encouraging staff to experiment with keywork support in different settings, Pathways has encouraged educational group trips to places that the group decide they would like to visit. Clients have visited places such as local caves, stately houses, the local cinema and supported the local Kent based League One team, Gillingham FC. It has helped clients to come together and enjoy an activity that otherwise they are unlikely to do. Clients have reported feeling less isolated and more involved in their surroundings and community. These events are something Pathways would like to do more of over the next year and it is hoped these activities can gain external funding to support the increase in participation.

Trussel Trust

The Trussel Trust is a charitable organisations that runs a network of foodbanks across the country to support those in crisis. The organisation has trained 3 members of Pathways staff in their practical 'Eat Well Spend Less' cooking course, which enables participants to learn to cook nutritious, simple meals on a budget. Throughout

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2018/19 one course took place across the Kent and Medway services, enabling 3 residents to take part in this exciting initiative, which is the first to run outside of the Trussel Trust itself.

Pathways staff have been invigorated and encouraged by the work of Trussel Trust and staff undertook an additional 5 cooking activities with clients, which benefitted 15 residents. One service also hosted a BBQ for 7 residents.

Counselling

The previous year saw Pathways invite volunteer counsellors into the services to assist residents in their recovery from homelessness. A counselling space was created in what was the shed at the Ramsgate service and sessions are held both here and in a counselling room at St Barnabas House, Gillingham.

In 2018/19 another volunteer counsellor was recruited to the team and she received 15 referrals, 12 were engaged with and 8 successfully completed their programme of counselling; a further 2 residents continued to be supported into 2019/20.

Comments about this service are overwhelmingly positive:

- "it was easy to access the counselling and I felt able to be open with someone who could understand me"
- "B helped me understand who I am and helped me be a better person"

Counselling is something that Pathways would like to continue to support as an integral part of our service offer as clients often wait for months for community provision.

Gardening

Pathways has benefitted from the gardening knowledge and assistance of a volunteer, who has given her time to develop the work across the services. 8 day long sessions were held across the year at the Sheppey service and two services in Chatham. The different location and styles of services gave rise to different types of gardening activity for the clients, from raking, mowing, chopping and hoeing at the rural Sheppey service to the potting and planting of walled gardens and raised beds at urban, Chatham services. 21 clients attended and benefited from engaging with volunteers, learning new practical skills and enjoying their outdoor space and environment.

Service User work

The Service User Forum is open to any Pathways resident who would like to come along to meet other residents, have their say about their service and Pathways' business, be informed and consulted about future plans of the organisation and speak directly to managers.

The forum varies in membership number and the membership fluctuates, which can present continuity challenges, but the topics chosen are brought jointly by both the managers and service users and usually relate to current issues or current policy or procedural updates.

Having decided to move to quarterly forums, during this reporting year, only three forums were undertaken with one unable to be slotted in due to the period of organisational disruption that took place owing to the loss of KCC funding. It is hoped that next year all quarterly forums are undertaken and that a manager undertakes to oversee this work stream.

In addition to the forums, Pathways management remain committed to clients assisting in the recruitment of new staff to the organisation. Three clients were trained and participated in panels during the year. This has now become a mainstay of recruitment at Pathways, with clients involved reporting their feelings of increased self-esteem and inclusion.

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Partnership working with other organisations

Pathways continues to look outwards for opportunities to collaborate with, or work alongside, other relevant organisations working with the same or similar client group. Ultimately our clients (and theirs) benefit from sharing knowledge and resources. The following are examples of the work undertaken in this respect:

Rough Sleeper counts

During the year, Pathways staff were 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. The number of counts has increased from last year, with counts taking place every 2 months. PTI has trained one client to take part in counts and 10 Pathways staff have volunteered their time during the night to take part in this activity.

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 six Rough Sleeper Task and Finish meetings during the year.

Light Project

The Blue Light Project 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 groups and perhaps indicative of the complex needs of those the group seeks to target, last year the focus has grown to incorporate rough sleepers in the Medway area.

Pathways is a proactive key member of this group and at time of writing is housing approximately 25% of the clients discussed who have complex needs.

Pathways, as part of the Blue Light Project won an award from A Better Medway Awards, Shaping Medway's Health Award (July 2019).

Substance misuse

Many of Pathways' clients have multiple support needs and in order to deliver a high quality package of support, it is necessary for Pathways support staff to reach out to specialist organisations. During the year, Pathways worked with Turning Point to achieve the following:

- 10 Mindfulness Sessions with 5 clients
- 16 Substance Misuse and Wellbeing Groups, with 7 final completers.
- 8 Alcohol Health and Wellbeing Group, with 3 final completers.
- 8 Recovery group sessions, with 5 final completers.

This joint working is welcomed by Pathways to enable clients to access specialist support; holding sessions at Pathways Head Office, has often been beneficial, as clients have said it takes away the stigma from walking into drug treatment services.

As well as encouraging participation in substance misuse treatment and recovery services, Pathways staff have enabled 12 clients to access the two tenancy sustainment courses on offer by Medway Council. This course helps prepare clients for move on, explaining the rights and responsibilities of undertaking a tenancy.

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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. Of the six nominations submitted last year, all six remain in their accommodation with this social landlord.

Equality and Diversity

Pathways recognises its' duties and obligations under the Equality Act 2010 and is committed to its purpose of protecting individuals from unfair treatment and promoting a fair and more equal society.

Pathways aims to fully incorporate diversity throughout its work and aims to realise the potential of all those with whom we work. We believe that all individuals whether they are staff, clients, or the general public have the right to be treated with dignity and respect.

Pathways works with individuals and groups that are marginalised and disadvantaged and we aim to play an active role in promoting an inclusive and equal society. We believe that all persons should have equal opportunities to be educated, to work, receive services and to participate in their local community. As an employer we also seek to reflect our communities and enhance our work through a diverse staff group.

Throughout all its activities Pathways will ensure that no person should suffer or experience less favourable treatment because of homelessness, poverty or as a user of services, or because of colour, nationality, race or ethnic or national origin, culture, appearance, gender, sexuality, marital status, disability, health status, age, religious or philosophical beliefs, social class, childcare responsibilities, or offending history.

During the year, Pathways staff have undertaken mandatory equality and diversity training, as well as some bespoke LGBTQ+ awareness training delivered by Metro. Pathways senior management have conducted an annual impact assessment on homeless and offender services and updated the Equalities action plan.

characteristics data

Age:

Age (yrs)	Referrals	Accommodated
<u><17</u>	<u>1</u>	<u>0</u>
<u>18-24</u>	<u>70</u>	<u>20</u>
<u>25-39</u>	<u>215</u>	<u>44</u>
<u>40-54</u>	<u>126</u>	<u>56</u>
<u>55+</u>	<u>34</u>	<u>25</u>
Age (yrs)	Percentage of age group accommodated by age group referred	Percentage of age group accommodated (out of total accommodated)
<u><17</u>	<u>0%</u>	<u>0%</u>
<u>18-24</u>	<u>29%</u>	<u>14%</u>
<u>25-39</u>	<u>20%</u>	<u>20%</u>
<u>40-54</u>	<u>44%</u>	<u>39%</u>
<u>55+</u>	<u>74%</u>	<u>17%</u>

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Within Pathways homeless and offender services, generally, fewer young people and older people (55+) are accommodated; this is accounted for through housing diversion, as those under 18 would generally be signposted to under 25, 'young people' service and those aged 55+ would often be eligible for housing support and accommodation schemes through the council.

Sex 2018-2019

Sex	Referrals	Accommodates
Female	12%	8%
Male	77%	92%

The above statistics present the service picture overall and the female percentage is lower as most of the Kent offender services could not accommodate female clients, owing to risks presented to them through use of shared facilities. Within the homeless services, however, 43% of accepted referrals were women and only 27% of rejected referrals were women.

Ethnicity

Homeless and offender	Referrals	Accommodated
White British	84%	89%
White other	3%	0%
BME	11%	7%

A majority of those referred and accommodated within Pathways services are White British. It is unclear if there are any structural issues that Pathways management need to address, and other than the above information there is little to assess whether this is a trend as yet. Continued annual monitoring is required, as well as continued inclusive practices and equalities training throughout the organisation.

Whilst the services do accommodate clients who are disabled as this can be seen from individual support plans, it has not been routinely collated at referral stage to enable reports to be drawn.

Financial Review

Pathways ended 2018/2019 with a deficit of £9,971, before adjustments for gains on revaluations of fixed assets and actuarial gains on the defined benefit pension scheme.

With the gains on revaluations (£58,043) and the actuarial gains on defined benefit pension schemes (£59,000), the final year end position was an increase in total funds to £1,382,599 from £1,275,527 (2018), with unrestricted funds increased to £1,377,599 (£1,272,078: 2018).

Income

Income has increased slightly in 2018-2019 to £1,461,524 compared to £1,456,219 (2018), due to increased rental income and additional Rough Sleeper Initiative funding.

Most of our income continues to come from rental income and service charges, which has increased somewhat in 2019 (£994,065) from 2018 (£980,249), following on from the last financial year where we were able to move five of our Medway housing management beds into being support beds, under our current contract.

We received more Housing Related Support from Medway Council this year due to our success in attracting additional funds from the Rough Sleeper Initiative. We are providing additional, more intensive support to a small

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number of clients.

Restricted Funds at 31 March 2019 are at £5,000, which is for the Education and Welfare Fund. We have spent some of our legacy (£6,502), on extra welfare payments for our clients due to the needs we have identified and in response to requests from clients. This might be for short courses, study or work equipment, travel to see relatives or basic toiletries or clothes.

The rolling out of Universal Credit, 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.

Our Welfare Benefits Manager, continues to be very busy with advice and support and successfully challenging sanctions and unfavourable decisions.

Expenditure

Expenditure has decreased slightly to £1,471,495 from £1,508,076 (2018). This was mainly due to less spent in 2018/19 on non-capitalised repairs and improvements and higher pension service charge for our Local Government Pension Scheme.

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 £1,377,599 at 31 March 2019 (2018: £1,272,078). Within this fund we have designated funds of £48,451 legacy, £50,000 for major repairs, £25,000 for development (external support for organisational development and communications), £7,400 for counselling. We also have £840,643 in a general fund, £371,078 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. Although we have for the fourth year running made actuarial gains on the pension (£59,000, £44,000, £151,000, £75,000), in the previous two years we experienced losses of £144,000 and £193,000. The recent losses and gains have now almost completely balanced out. The balance sheet liability stands at £295,000, an improvement on 2018 where it stood at £340,000 (2017:364,000). It has consistently reduced since 2015 when it hit £558,000.

Pathways has no ability to influence the actuarial gains/losses or balance sheet liability and could see losses and increased liability in future. The most recent estimate of costs for Pathways to leave the pension scheme was around £500,000. A new assessment of that figure is likely to be presented in December 2019 and we expect this figure to reduce, in line with the downward trend of the balance sheet liability. We are exploring what options may be able to us to mitigate this risk going forward.

Future financial challenges and plans

We face a challenging year in 2019/20. We are forecasting a draw on reserves due to our loss of KCC funding and the need to close our Kent services, with losses around voids and for staff redundancies.

However, we have shown resilience and the ability to create and capitalise upon opportunities, by securing new funding with new partners in Thanet and Maidstone. We will continue this drive for exploring new markets and business models both to deliver our services and to complement them.

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Plans for Future Periods

Due to the significant challenges and change that the charity faced in 2018/19, the planned strategic review has been under consideration but not completed, as the organisation explores the implications of the loss of old sources of income and harnesses new ones. It is essential that Trustees and managers embark on a plan to embed these opportunities through indispensable delivery for commissioners but also that new business models are explored to reduce the exposure of over reliance on commissioned services, as this market appears to be stalling and dominated by larger organisations that can more easily cover overhead expenditure.

As well as new business models, the organisation will consider 'new' 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.

It is with all this in mind, that Trustees undertook an interim strategic review, deciding that the organisation would focus on the following:

- Providing safe, stable and quality accommodation
- Ensuring our support is person centred
- Promoting the voice of vulnerable clients inside our organisation and at local, regional and national platforms
- Working with external partners at all levels of the organisation to deliver the best outcomes for clients
- Developing internal systems to improve data collection that can monitor, evidence success and direct future planning.

We must focus on delivery of our new services (offender services in Maidstone and a Safe Space To Stay in Thanet), whilst continuing to deliver quality services in Medway.

Medway will be going through a re-commissioning process in 2019/20, with current contracts ending 31 March 2021. Pathways intends to participate fully in this process and work with our Commissioners and others to help reshape homelessness services, starting from local needs.

We retain our objective of transforming the charity into working in both a psychologically and trauma informed way. To this end we will be rolling out a new suite of policies which have been externally created to support our approach and we will be continuing with staff training and client involvement on the next steps in this transformation.

Risks and uncertainties

As stated above, our Medway services will be part of a recommissioning process, with new contracts awarded to start April 2021. While this represents a great opportunity for Pathways to be involved and potentially expand our offer, it also represents a risk.

We are delighted to have secured significant new funding in Thanet and in Maidstone, but these current arrangements are short-term and we need to deliver well and work hard to maximise the chances of repeat funding.

We will be considering alternative sources of funding and business models to ensure that the charity can continue to adapt and thrive in these tumultuous times.

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Structure, Governance and Management

Governing Document

Pathways is a charitable company limited by guarantee, governed by Articles of Association. Members of the company are Trustees named above and, in the event of the company winding up, are limited in liability to £1 per member.

Recruitment & Appointment of Management Committee

The Articles of Association outlines the management of the trustees by describing the election and co-option process. The trustees have agreed compliance with the NCVO Governance Code. Vacancies for trustee positions are publicised through our website and local and national media outlets.

Information is available to prospective Trustees including a job description, person specification, annual accounts, strategic plan, The Essential Guide for Trustees, equal opportunities monitoring form and an outline of the application process.

The Chair and Chief Executive review all applications and conduct any interviews. Following changes to the eligibility criteria on who can act as Trustees in 2018, all trustees sign a declaration that they are not disqualified from acting as a director/trustee.

Induction and Training

All prospective Trustees are invited to attend a board meeting, visit a number of services to meet staff and clients, meet with key management staff, invited to attend specialised training aimed at directors/trustees and read key policy and strategic documents prior to deciding whether they wish to commit to the duties and responsibilities of being a Trustee.

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 risks 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

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- Failure to meet SOVA obligations
- Loss of organisational reputation/profile

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.

Responsibilities of the Management Committee Board of Trustees

The Trustees (who are also directors of Pathways to Independence Ltd for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 in the Charities SORP;
- 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 operation.

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 09/12/19 and signed on their behalf by:



A Skinner, Chair
Trustee



J A Gilbourne
Trustee

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATHWAYS TO INDEPENDENCE LTD

OPINION

We have audited the financial statements of Pathways to Independence Ltd (the 'charitable company') for the year ended 31 March 2019 set out on pages 16 to 41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 charitable company 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 charitable company'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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATHWAYS TO INDEPENDENCE LTD

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 Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company 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 charitable company'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.

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATHWAYS TO INDEPENDENCE LTD

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.

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 Auditor's report.

USE OF OUR REPORT

This report is made solely to the charitable company'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 charitable company's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Crossley Financial Accounting Ltd

Crossley Financial Accounting Limited

Chartered Accountants
Statutory Auditors

Star House
Star Hill
Rochester
Kent

ME1 1UX

Date: 11/12/19

Crossley Financial Accounting Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:					
Donations and legacies	2	-	3,321	3,321	56,484
Charitable activities	4	-	1,456,792	1,456,792	1,399,540
Investments	3	-	1,411	1,411	195
TOTAL INCOME		-	1,461,524	1,461,524	1,456,219
EXPENDITURE ON:					
Raising funds		4,953	(4,953)	-	-
Charitable activities	5	-	1,471,495	1,471,495	1,508,077
TOTAL EXPENDITURE	8	4,953	1,466,542	1,471,495	1,508,077
NET EXPENDITURE BEFORE TRANSFERS		(4,953)	(5,018)	(9,971)	(51,858)
Transfers between Funds	20	6,502	(6,502)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		1,549	(11,520)	(9,971)	(51,858)
Gains on revaluations of fixed assets	11	-	58,043	58,043	-
Actuarial gains on defined benefit pension schemes	16	-	59,000	59,000	44,000
NET MOVEMENT IN FUNDS		1,549	105,523	107,072	(7,858)
RECONCILIATION OF FUNDS:					
Total funds brought forward		3,451	1,272,076	1,275,527	1,283,385
TOTAL FUNDS CARRIED FORWARD		5,000	1,377,599	1,382,599	1,275,527

The notes on pages 20 to 41 form part of these financial statements.

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)
REGISTERED NUMBER: 01859070

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	11		1,249,770		1,188,850
CURRENT ASSETS					
Debtors	12	148,743		125,284	
Cash at bank and in hand		531,981		563,762	
		680,724		689,046	
CREDITORS: amounts falling due within one year	13	(129,026)		(116,393)	
NET CURRENT ASSETS			551,698		572,653
TOTAL ASSETS LESS CURRENT LIABILITIES			1,801,468		1,761,503
CREDITORS: amounts falling due after more than one year	14		(123,869)		(145,976)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			1,677,599		1,615,527
Defined benefit pension scheme liability	16		(295,000)		(340,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			1,382,599		1,275,527
CHARITY FUNDS					
Restricted funds	20		5,000		3,451
Unrestricted funds:					
Unrestricted funds	20	1,006,520		959,040	
Revaluation reserve		371,079		313,036	
Total unrestricted funds			1,377,599		1,272,076
TOTAL FUNDS			1,382,599		1,275,527

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 MARCH 2019

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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

and



A Skinner, Chair



J A Gilbourne, Hon Treasurer

The notes on pages 20 to 41 form part of these financial statements.

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	18	65,953	122,563
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,411	195
Purchase of tangible fixed assets		(52,228)	(94,024)
Net cash used in investing activities		(50,817)	(93,829)
Cash flows from financing activities:			
Repayments of borrowings		(46,917)	-
Net cash used in financing activities		(46,917)	-
Change in cash and cash equivalents in the year		(31,781)	28,734
Cash and cash equivalents brought forward		563,762	535,028
Cash and cash equivalents carried forward	19	531,981	563,762

The notes on pages 20 to 41 form part of these financial statements.

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

Pathways To Independence Limited is a charity, domiciled in England and Wales. The registered office is 25 Victoria Street, Rochester, Kent, ME1 1XJ.

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

There were no material departures from those standards.

Pathways to Independence Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The company's functional and presentational currency is GBP.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Other income 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.

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 and depreciation

All assets costing more than £250 are capitalised.

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years straight line
Long-term leasehold property	-	100/50 years straight line
Fixtures and fittings	-	3 years straight line
Office equipment	-	3 years straight line
Other fixed assets	-	3 years straight line

1.7 Revaluation of tangible fixed assets

The company has adopted the revaluation model to revalue items of property, plant and equipment whose fair value can be measured reliably. The revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The fair value of land and buildings is usually determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. The fair value of items of plant and machinery is usually their market value determined by appraisal.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity.

The company has adopted the cost model whereby items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities incorporating income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.9 Operating leases

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

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2019.

1.11 Provisions

Where there is a current obligation of the company to pay out amounts in the future, the company will provide for those amounts at management's best estimate of the amounts to be paid.

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. ACCOUNTING POLICIES (continued)

1.12 Critical accounting estimates and areas of judgment

The preparation of the financial statements requires management to make judgements, estimates and assumptions in applying the company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis.

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 determining 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 affects 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.

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 16.

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

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. INCOME FROM DONATIONS AND LEGACIES

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Donations	-	3,321	3,321	2,159
Legacies	-	-	-	50,000
Grants	-	-	-	4,325
 Total donations and legacies	 -	 3,321	 3,321	 56,484
 <i>Total 2018</i>	 4,325	 52,160	 56,485	

3. INVESTMENT INCOME

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Bank interest receivable	-	1,411	1,411	195
 <i>Total 2018</i>	 -	 195	 195	

4. INCOME FROM CHARITABLE ACTIVITIES

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Housing Related Support - KCC	-	208,151	208,151	208,152
Housing Related Support - Medway Council	-	242,578	242,578	210,937
Rental Income	-	960,921	960,921	945,143
Service Charges	-	33,144	33,144	35,107
Other	-	11,998	11,998	201
 Total	 -	 1,456,792	 1,456,792	 1,399,540
 <i>Total 2018</i>	 -	 1,399,540	 1,399,540	

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Provision of accommodation	-	1,466,542	1,466,542	1,503,170
Education and Welfare	-	4,953	4,953	4,907
	-	1,471,495	1,471,495	1,508,077
<i>Total 2018</i>	4,906	1,503,171	1,508,077	

6. DIRECT COSTS

	Provision of accommodation £	Education and Welfare £	Total 2019 £	Total 2018 £
Pension income	9,000	-	9,000	10,000
Staff costs	32,157	-	32,157	5,435
Travel	10,411	-	10,411	7,696
Volunteer expenses	1,695	-	1,695	1,645
Premises	404,343	-	404,343	379,136
Residents welfare	4,125	-	4,125	2,537
Legal and professional	5,350	-	5,350	4,406
Bad debts & recoverables	21,083	-	21,083	55,346
Residents welfare	-	4,621	4,621	-
Move in fund	-	27	27	-
Client expenses	-	305	305	-
Wages and salaries	455,915	-	455,915	429,358
National insurance	39,404	-	39,404	36,654
Pension cost	34,733	-	34,733	42,140
	1,018,216	4,953	1,023,169	974,353
<i>Total 2018</i>	971,294	3,058	974,352	

In 2018 the direct costs of £3,058 were in relation to Big Lottery Fund: (mental health).

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. SUPPORT COSTS

	Provision of accommodation £	Education and Welfare £	Total 2019 £	Total 2018 £
Recruitment	554	-	554	3,100
Travel	1,866	-	1,866	2,176
Training	22,022	-	22,022	16,525
Other office costs	115,302	-	115,302	153,994
Legal and professional	30,645	-	30,645	58,260
Insurance	8,650	-	8,650	7,265
Mortgage and lease interest	10,033	-	10,033	13,204
Profit on disposal of fixed assets	-	-	-	(5,843)
Auditors remuneration	5,190	-	5,190	5,040
Wages and salaries	178,209	-	178,209	185,846
National insurance	17,105	-	17,105	17,888
Pension cost	9,399	-	9,399	9,472
Depreciation	49,351	-	49,351	66,797
	448,326	-	448,326	533,724
<i>Total 2018</i>	<i>531,876</i>	<i>1,848</i>	<i>533,724</i>	

During the year ended 31 March 2019, the charity incurred the following Governance costs:

£5,190 (2018 - £5,040) included within the table above in respect of Auditors remuneration.

£17,604 (2018 - £8,656) included within the table above in respect of staff costs.

8. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2019 £	Depreciation 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Provision of accommodation	734,765	49,351	682,426	1,466,542	1,489,475
Education and Welfare	-	-	4,953	4,953	4,906
Charitable activities	734,765	49,351	687,379	1,471,495	1,494,381
	-	-	-	-	13,696
	734,765	49,351	687,379	1,471,495	1,508,077
<i>Total 2018</i>	<i>721,358</i>	<i>66,797</i>	<i>719,922</i>	<i>1,508,077</i>	

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. AUDITORS' REMUNERATION

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<u>5,190</u>	<u>5,040</u>

10. STAFF COSTS

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	634,124	615,204
Social security costs	56,508	54,542
Other pension costs (Note 16)	44,132	51,612
	<u>734,764</u>	<u>721,358</u>

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

	2019 No.	2018 No.
Project support	18	17
Administration and management	5	7
	<u>23</u>	<u>24</u>

The number of higher paid employees was:

	2019 No.	2018 No.
In the band £60,001 - £70,000	1	0

The total employee benefits of the key management personnel of the Charity were £155,000 (2018: £107,480).

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

11. TANGIBLE FIXED ASSETS

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Other fixed assets £
Cost or valuation						
At 1 April 2018	985,658	153,820	1,150	21,957	109,885	94,446
Additions	9,900	8,645	-	6,234	2,292	25,157
Disposals	-	-	-	(3,760)	(2,535)	(10,957)
Revaluation surplus/(deficit)	29,442	-	-	-	-	-
At 31 March 2019	1,025,000	162,465	1,150	24,431	109,642	108,646
Depreciation						
At 1 April 2018	28,601	9,394	-	14,718	58,355	66,998
Charge for the year	-	2,063	-	5,473	21,277	20,538
On disposals	-	-	-	(3,760)	(2,535)	(10,957)
On revalued assets	(28,601)	-	-	-	-	-
At 31 March 2019	-	11,457	-	16,431	77,097	76,579
Net book value						
At 31 March 2019	1,025,000	151,008	1,150	8,000	32,545	32,067
At 31 March 2018	957,057	144,426	1,150	7,239	51,530	27,448

PATHWAYS TO INDEPENDENCE LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11. TANGIBLE FIXED ASSETS (continued)

	Total £
Cost or valuation	
At 1 April 2018	1,366,916
Additions	52,228
Disposals	(17,252)
Revaluation surplus/(deficit)	29,442
At 31 March 2019	<u>1,431,334</u>
Depreciation	
At 1 April 2018	178,066
Charge for the year	49,351
On disposals	(17,252)
On revalued assets	(28,601)
At 31 March 2019	<u>181,564</u>
Net book value	
At 31 March 2019	<u>1,249,770</u>
At 31 March 2018	<u>1,188,850</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Office equipment	<u>24,291</u>	<u>37,541</u>

Included in land and buildings is freehold land at valuation of £332,246 (2018 - £302,813), (cost £127,747 (2018 - £127,747)) which is not depreciated.

PATHWAYS TO INDEPENDENCE LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Cost or valuation at 31 March 2019 is as follows:

	Land and buildings £
At cost	1,158,023
At valuation:	
The 2019 valuations were made by Linda Matthews Co Ltd and Miles & Barr Ltd, on an open market value for existing use basis	29,442
	1,187,465

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £	2018 £
Cost	722,257	710,709
Accumulated depreciation	(82,660)	(67,881)
Net book value	639,597	642,828

12. DEBTORS

	2019 £	2018 £
Trade debtors	98,767	82,506
Other debtors	1,164	1,161
Prepayments and accrued income	48,812	41,617
	148,743	125,284

13. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	11,729	11,729
Net obligations under finance leases and hire purchase contracts	10,222	9,098
Trade creditors	49,949	40,112
Other taxation and social security	13,363	14,682
Other creditors	8,855	10,315
Accruals and deferred income	34,908	30,457
	129,026	116,393

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

PATHWAYS TO INDEPENDENCE LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

14. CREDITORS: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans	89,459	100,998
Net obligations under finance leases and hire purchase contracts	34,410	44,978
	<u>123,869</u>	<u>145,976</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2019 £	2018 £
Repayable by instalments	<u>42,545</u>	<u>54,083</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2019 £	2018 £
Between one and five years	<u>34,410</u>	<u>44,978</u>

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

15. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	14,069	14,069
Between 1-2 years	14,069	14,069
Between 2-5 years	24,620	38,257
	<u>52,758</u>	<u>66,395</u>
Total	<u>52,758</u>	<u>66,395</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. PENSION COMMITMENTS

Defined Contribution Pension Scheme

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,963 (2017 - £15,248). Contributions totaling £1,460 (2018 - £1,663) were payable to the fund at the balance sheet date and are included in creditors.

Defined Benefit Pension Scheme

The charity operates a pension scheme providing benefits based on final pensionable pay for 2 employees and 9 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 2017.

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 2019. The accounts are prepared under the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015). 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 £12,000 (2018 - £31,000) and is shown under pension costs; defined benefit, in Note 11. 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.

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

	2019	2018
Discount rate at 31 March	2.40 %	2.55 %
Future salary increases	3.90 %	3.80 %
Future pension increases	2.40 %	2.30 %

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. PENSION COMMITMENTS (continued)

The assets in the scheme and the expected rates of return were:

	Fair value at 31 March 2019 £	<i>Fair value at 31 March 2018 £</i>
Equities	705,000	637,000
Debt instruments	200,000	197,000
Property	124,000	120,000
Total market value of assets	<u><u>1,029,000</u></u>	<u><u>954,000</u></u>

The actual return on scheme assets was £74000 (2018 - £32000).

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

	2019 £	<i>2018 £</i>
Current service cost	23,000	31,000
Net interest cost	9,000	10,000
Total	<u><u>32,000</u></u>	<u><u>41,000</u></u>

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

	2019 £	<i>2018 £</i>
Opening defined benefit obligation	1,294,000	1,298,000
Current service cost	23,000	31,000
Interest cost	33,000	36,000
Contributions by scheme participants	4,000	5,000
Actuarial gains	(9,000)	(38,000)
Benefits paid	(21,000)	(38,000)
Closing defined benefit obligation	<u><u>1,324,000</u></u>	<u><u>1,294,000</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. PENSION COMMITMENTS (continued)

Changes in the fair value of scheme assets were as follows:

	2019	<i>2018</i>
	£	<i>£</i>
Opening fair value of scheme assets	954,000	<i>934,000</i>
Interest income	24,000	<i>26,000</i>
Actuarial gains and (losses)	50,000	<i>6,000</i>
Contributions by employer	18,000	<i>21,000</i>
Contributions by scheme participants	4,000	<i>5,000</i>
Benefits paid	(21,000)	<i>(38,000)</i>
	<hr/> 1,029,000 <hr/>	<hr/> <i>954,000</i> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. PENSION COMMITMENTS (continued)

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2019 £	2018 £	2017 £
Defined benefit obligation	(1,324,000)	(1,294,000)	(1,298,000)
Scheme assets	1,029,000	954,000	934,000
Deficit	(295,000)	(340,000)	(364,000)
Experience adjustments on scheme liabilities	-	-	278,000
Experience adjustments on scheme assets	50,000	6,000	128,000

17. OPERATING LEASE COMMITMENTS

At 31 March 2019 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	Land and buildings 2019 £	2018 £	Other 2019 £	2018 £
Amounts payable:				
Within 1 year	20,676	80,777	2,070	4,969
Between 1 and 5 years	34,500	55,176	-	2,070
Total	55,176	135,953	2,070	7,039

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

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(9,971)	(51,858)
Adjustment for:		
Depreciation charges	49,351	66,797
Dividends, interest and rents from investments	(1,411)	(195)
Loss on the sale of fixed assets	-	6,611
Decrease in debtors	23,459	68,149
(Decrease)/increase in creditors	(9,475)	13,059
Defined benefit pension adjustments	14,000	20,000
Net cash provided by operating activities	65,953	122,563

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	531,981	563,762
Total	<u>531,981</u>	<u>563,762</u>

20. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2019 £
Designated funds						
Development fund	11,000	-	(4,957)	18,957	-	25,000
Major repairs sinking fund	50,000	-	(43,996)	43,996	-	50,000
Counselling	7,400	-	(3,695)	3,695	-	7,400
Legacy	50,000	-	(4,953)	(6,502)	-	38,545
	<u>118,400</u>	<u>-</u>	<u>(57,601)</u>	<u>60,146</u>	<u>-</u>	<u>120,945</u>
General funds						
General Funds - all funds	840,641	1,461,524	(1,408,941)	(124,691)	117,043	885,576
Revaluation Reserves	313,035	-	-	58,043	-	371,078
	<u>1,153,676</u>	<u>1,461,524</u>	<u>(1,408,941)</u>	<u>(66,648)</u>	<u>117,043</u>	<u>1,256,654</u>
Total Unrestricted funds	<u>1,272,076</u>	<u>1,461,524</u>	<u>(1,466,542)</u>	<u>(6,502)</u>	<u>117,043</u>	<u>1,377,599</u>
Restricted funds						
Restricted Funds - all funds	3,451	-	(4,953)	6,502	-	5,000
Total of funds	<u>1,275,527</u>	<u>1,461,524</u>	<u>(1,471,495)</u>	<u>-</u>	<u>117,043</u>	<u>1,382,599</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2018 £
Designated funds						
Development fund	50,000	-	(16,063)	(22,937)	-	11,000
Anger management and Restorative Justice	2,334	-	-	(2,334)	-	-
Major repairs sinking fund	100,000	-	(47,837)	(2,163)	-	50,000
Mental Health Worker Excluded License Review and Training	5,726	-	(5,760)	34	-	-
Restorative Justice Counselling	1,521	-	(1,826)	305	-	-
Legacy	2,000	-	-	(2,000)	-	-
	-	11,104	(3,704)	-	-	7,400
	-	50,000	-	-	-	50,000
	<u>161,581</u>	<u>61,104</u>	<u>(75,190)</u>	<u>(29,095)</u>	<u>-</u>	<u>118,400</u>
General funds						
General Funds - all funds	804,736	1,390,790	(1,427,980)	29,095	44,000	840,641
Revaluation Reserves	313,035	-	-	-	-	313,035
Total Unrestricted funds	<u>1,279,352</u>	<u>1,451,894</u>	<u>(1,503,170)</u>	<u>-</u>	<u>44,000</u>	<u>1,272,076</u>
Restricted funds						
Education and Welfare Big Lottery Fund:	2,057	4,325	(2,931)	-	-	3,451
Headstart Fund	1,975	-	(1,975)	-	-	-
	<u>4,032</u>	<u>4,325</u>	<u>(4,906)</u>	<u>-</u>	<u>-</u>	<u>3,451</u>
Total of funds	<u><u>1,283,384</u></u>	<u><u>1,456,219</u></u>	<u><u>(1,508,076)</u></u>	<u><u>-</u></u>	<u><u>44,000</u></u>	<u><u>1,275,527</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2019 £
Designated funds	118,400	-	(57,601)	60,146	-	120,945
General funds	1,153,676	1,461,524	(1,408,941)	(66,648)	117,043	1,256,654
	<u>1,272,076</u>	<u>1,461,524</u>	<u>(1,466,542)</u>	<u>(6,502)</u>	<u>117,043</u>	<u>1,377,599</u>
Restricted funds	3,451	-	(4,953)	6,502	-	5,000
	<u>1,275,527</u>	<u>1,461,524</u>	<u>(1,471,495)</u>	<u>-</u>	<u>117,043</u>	<u>1,382,599</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2018 £
Designated funds	161,581	61,104	(75,190)	(29,095)	-	118,400
General funds	1,117,771	1,390,790	(1,427,980)	29,095	44,000	1,153,676
	<u>1,279,352</u>	<u>1,451,894</u>	<u>(1,503,170)</u>	<u>-</u>	<u>44,000</u>	<u>1,272,076</u>
Restricted funds	4,032	4,325	(4,906)	-	-	3,451
	<u>1,283,384</u>	<u>1,456,219</u>	<u>(1,508,076)</u>	<u>-</u>	<u>44,000</u>	<u>1,275,527</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 expect this to cover external support on organisational development (including all client policies being reviewed), to help embed our Trauma Informed and Psychologically Informed Environment approach. We hope it will also help us to adapt to survive in the changing funding environment and improve our service provision for clients.

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 2019/20.

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 2019/20 we are continuing our counselling service.

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

Designated fund: Legacy

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. In 2018/19 trustees agreed for up to £20,000 of this legacy to be used for the direct benefit of clients, through staff working in different ways and supporting them to pursue individual interests. Some of the legacy was used for Education and Welfare purposes in 2018/19.

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 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 and 2018/19, adjusted for depreciation.

Restricted funds: Education and Welfare

This fund was initially provided by various charitable trusts to enable Pathways to fund small amounts of expenditure to further clients' education and training or small discretionary welfare payments. We continue to use this fund for the purposes initially envisaged moving some of our legacy funding here.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	1,249,769	1,249,769
Current assets	-	680,723	680,723
Creditors due within one year	5,000	(134,024)	(129,024)
Creditors due in more than one year	-	(123,869)	(123,869)
Provisions for liabilities and charges	-	(295,000)	(295,000)
	5,000	1,377,599	1,382,599

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**NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Restricted funds 2018 £</i>	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	1,188,849	1,188,849
Current assets	3,451	685,597	689,045
Creditors due within one year	-	(116,392)	(116,391)
Creditors due in more than one year	-	(145,976)	(145,976)
Provisions for liabilities and charges	-	(340,000)	(340,000)
	<u>3,451</u>	<u>1,272,078</u>	<u>1,275,527</u>

