



Parallel Learning Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2020

Company Registration Number:
08605705 (England and Wales)

Parallel Learning Trust
(A company limited by guarantee)

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Reference and Administrative Details of The Academy Directors And Advisors

Members	R A Neal (Removed December 2020) C Malec R Newlove V M D C Da Silva
Directors	R A Neal (Chair) (Removed 1 December 2020) R Newlove (Vice Chair) (Resigned 18 November 2020) M Jordan (CEO and Accounting Officer) M Martell A Smith (Resigned March 2020) R F Pugh B Wallia (Resigned 12 October 2020) L Farrow (Acting Vice Chair) J Alvis (Appointed 4 March 2020) C Howells (Acting Chair) (Appointed 16 September 2020) N Alderson (Appointed 1 December 2020) D Heaton (Appointed 1 December 2020)
Company Secretary	R F Pugh (resigned 16 September 2020) C Gould (Appointed 17 September 2020)
Senior Management Team:	
1. Chief Executive Officer (CEO)	M Jordan
2. Finance & Resources Manager	M Peake (Resigned December 2019)
3. Business Support Executive	U Frost (Resigned November 2019)
4. Executive Headteacher	Martyn O'Donnell
5. Chief Finance Officer	Hana Cardy (Appointed May 2020)
Company Name	Parallel Learning Trust
Principal and Registered Office	Suite 1, 1 & 2 Leonard Place, Westerham Road, Bromley Keston, BR2 6HQ
Company Registration Number	08605705 (England and Wales)
Independent Auditor	UHY Kent LLP trading as UHY Hacker Young Thames House, Roman Square Sittingbourne, Kent, ME10 4BJ
Bankers	Lloyds Bank PLC George Street, Croydon, CR9 2NS
Solicitors	Geldards LLP, Enterprise House 1-2 Hatfields London, SE1 9PG

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Directors' Report for the year ended 31 August 2020

The Directors (who are also Trustees of the charity for the purpose of the Charities Act) present their annual report together with the audited financial statements and Auditors' report of the Parallel Learning Trust (the Trust) for the period from 1 September 2019 to 31 August 2020. The Directors confirm that the Annual Report and financial statements of the Academy Trust, comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005. The annual report serves the purposes of both as a trustees' report and a Directors' report under company law.

The Parallel Learning Trust's principal activities are set out in its articles of association and the funding agreement.

The Parallel Learning Trust (the Trust) has been set up as an academy trust under the standard multi-academy model (11 July 2013) and completed the conversion of the first two academy provisions, Kennington Park AP Academy and Park Campus AP Academy, on 1 July 2014.

The Trust was granted Academy Sponsor Status in February 2015 enabling the Trust to sponsor other alternative provision settings, special schools and primary schools. The Trust has subsequently worked with the Department for Education on a number of projects that have led to the Trust being named the preferred sponsor for three special schools: After ministerial approval, the Trust converted its first 'sponsored academy' in April 2016 and further AP and SEMH academies have joined the Trust since July 2017.

Since January 2018 PLT had been formally supporting Wandle Valley School, a Single Academy Trust (SAT) in Sutton. The Regional School Commissioner for SESL region is aware and in support of the arrangement which focuses on Leadership, Governance, Finance and school improvement. Wandle Valley Academy joined PLT on 1 November 2018.

STRUCTURE, GOVERNANCE AND CONSTITUTION

The Trust is a company limited by guarantee and an exempt charity incorporated on 11 July 2013. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Directors of Parallel Learning Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Parallel Learning Trust and also makes itself known as PLT.

Details of the Directors who served during the year are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Directors' Indemnities

A Director may benefit from any unlimited indemnity insurance, purchased at the Trust's expense through the ESFA Risk Protection Arrangement (RPA) Scheme, to cover the liability of the Directors, which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Directors knew to be a breach of duty or was committed by the Directors in reckless disregard to whether it was a breach of duty or not and provided also that any such insurance shall not extend to the costs of any successful defence to a criminal prosecution brought against the Directors in their capacity as Directors of the Parallel Learning Trust.

Method of Recruitment and Appointment or Election of Directors

The members may appoint up to 6 Directors.

The total number of Directors, including the Chief Executive, who are employees of the company shall not exceed one third of the total number of Directors. Directors may appoint co-opted Directors.

The term of office for any director shall be four years, save that:

- This time limit shall not apply to the Chief Executive
- The term of office may be shorter than four years for any co-opted Director, if the Directors determine this at the time of appointment of such a Director.

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Policies and Procedure Adopted for the Induction and Training of Directors

Potential Directors are recruited through:

- Recommendation
- Referral from a recruiting organisation
- Self-Referral
- Advertisement, following a skills audit which identifies gaps

Potential Directors will, in the first instance, be met by the Chief Executive and given an overview of the organisation from an operational perspective. They will be given background written information about the organisation and invited to interview with a panel including at least 1 Member and at least 1 representative from the Board and/or CEO to ascertain the following information:

- Skills
- Background
- Experience of working within a governance role
- Experience of working with young people, especially vulnerable children and those with learning disabilities

This meeting is a two-way process and the discussion should present the prospective Directors with an opportunity to find out more about being a Director for the Trust and decide whether or not they are still interested.

They will be asked at this stage to complete an application form and a DBS form if they wish to continue the process of appointment. Two references will be sought, directly following this meeting and on receipt of references and DBS check, recommendations will be made to the Board of Directors and if agreed the new candidate will be invited to attend the next available board meeting.

At this point, the new Director will be asked to:

- Complete and sign the declaration of interest form, to be retained by the Company Secretary
- Sign a declaration that they are eligible to serve as a Director
- Agree and sign two copies of the code of conduct, one to be retained by the Director and the other by the Company Secretary
- The new Director will be sent a letter of appointment. The Company Secretary will notify Companies House of the appointment.

Induction and Training of Directors

All Directors should receive:

- An organisational chart
- A copy of the previous year's annual report and financial report
- A copy of the memorandum and articles of association
- A copy of the previous board meeting minutes
- A copy of the business plan
- Charity Commission CC3 – The essential trustee: What you need to know
- Charity Commission CC10 – The Hall Marks of an Effective Charity
- Current Newsletter
- Copies of all the current up to date policies and procedures
- EFA Academies Financial Handbook

All new Directors will be invited to attend:

- Safeguarding Training
- Staff induction Training

All new Directors will be encouraged to visit at least one of the Trust's Academies.

Ongoing Support and Training

Directors will be offered ongoing training opportunities and be kept up to date with Charity Commission guidance and policy news through the board meetings and via email.

They will be invited to attend training relevant to their role, such as:

- Health and Safety

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- Employment Law
- Financial management
- Diversity and Equal Opportunities

The training may be a face to face, in a collective setting, or through virtual on-line packages delivered via the corporate membership or the National Governors Association (NGA) or via training providers deemed appropriate by the board.

Directors will be kept up to date, by email, on updates from the ESFA, Charity Commission, Companies House, Trustee Network or other national support organisation.

Organisational Structure

The organisational structure consists of three levels

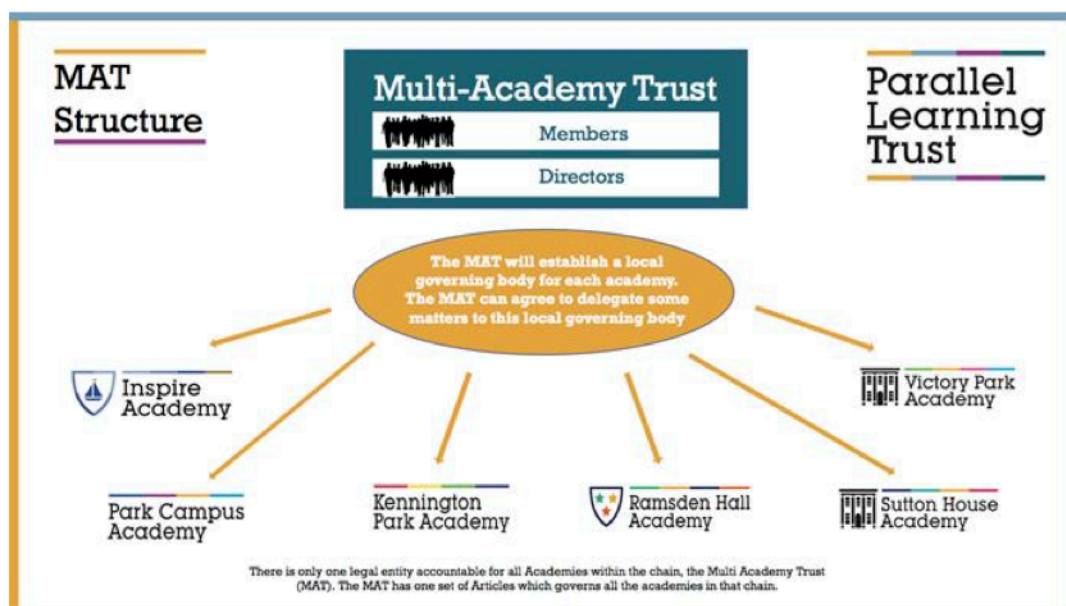
- Board of Directors
- Executive Leadership Team
- Local Governance

The Executive Leadership Team consists of the Chief Executive, Headteachers/Heads of each academy, the Central PLT team and Chief Finance Officer. These leaders have operational responsibility of the academies at an executive level, implementing the policies laid down by the Board of Directors and reporting back to them. As a group, the Executive Leadership Team is responsible for the authorisation of spending, within agreed budgets and the appointment and performance management of staff. Spending control is exercised via a delegated scheme with set limits, above which a senior manager must countersign. The ELT have extended senior leadership teams in each academy, with these managers responsible for the day-to-day operation of the academies, in particular organising the teaching staff, facilities and learners.

The Parallel Learning Trust Board and its committees act strategically by:

- Setting the aims and objectives for the Trust's academies
- Setting policies for achieving those aims and objectives
- Setting targets by which progress towards those aims and objectives can be measured
- Reviewing and monitoring progress in achieving the aims and objectives

In all of the above the Trust Board and its committees will act in accordance with education law and will consider any advice given by the Chief Executive, acting as a 'critical friend' by providing advice, support, guidance and challenge and when necessary constructive criticism.



The Role of the Chief Executive

The Chief Executive is a Director of the Parallel Learning Trust Board and is entitled to attend all committees of the Trust and its Local Governing Bodies.

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The CEO, as the principal manager for the academies, is responsible for the internal organisation, management and control of the academies; for advising the Trust Board members and implanting the strategic framework, incorporated in the role of advising the Trust Board are:

- Formulating aims and objectives, for adoption, amendment or rejection by the Board
- Formulating policies and targets for the Trust Board to consider adopting
- Reporting to the Trust Board on progress

Delegation of the Trust Board Functions

The Trust Board has considered delegation of its responsibilities in light of the following:

- The requirement of the Trust Board to fulfil a largely strategic function within academies
- The responsibility of the EHT for the internal organisation, management and control of academies
- The requirement of the EHT to comply with any reasonable direction of the Trust Board members in carrying out a function delegated by the Board

The Trust Board's Committee Structure and Terms of Reference

The Terms of Reference for all committees are provided in the Terms of Reference Continuation Handbook (ToRCH). Committees may have powers delegated to them. Sub-committees do not have delegated powers. In general, the Trust Board establishes committees, and most sub-committees including the LGB following their committee structure model. The Local Governing Body as required may also establish sub-committees.

The Parallel Learning Trust Board may choose to set up Committees or Sub-Committees in whichever way is agreed will be most appropriate to each institution, taking separate areas of responsibility under separate Committees, or combining several areas under one committee.

The Parallel Learning Trust Board has chosen the following model:

1. **Finance, Resources and Premises Committee responsibilities for:**
 - a) Health and Safety
 - b) Appeals
 - c) Charges and Lettings
2. **Staffing and Performance Management and Safeguarding Including responsibilities for:**
 - a) Safeguarding
 - b) Discipline
 - c) Staffing Overview
3. **Audit & Risk Committees**
 - a) Compliance and risk
4. **Academy Councils**
 - a) Academic performance
 - b) Local safeguarding

The above committee structure will be reviewed annually.

Local Governing Bodies

The Terms of Reference for all Academy Councils are provided in the Terms of Reference Continuation Handbook (ToRCH). The following are required sub-committees of the Board:

- The Family Committee
- Local Finance/Budget Committee
- The Standards and Curriculum Sub-Committee

Arrangements for setting pay and remuneration of key management personnel

Pay sub-committee is responsible for agreeing the senior management pay and leadership of the school.

Related Parties and other Connected Charities and Organisations

The Trust has a wholly owned subsidiary, Logic Schools Services CIC. This previously provided central services to academies within the Trust, however this ceased from September 2019.

The Trust had one related party transaction during 2019-20 with an education consultant, John Wotherspoon, who is also a governor for the Essex and Southend Academy Council. John, through his company JWETC, provides advice, school improvement support and quality assurance to academies within PLT.

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OBJECTIVES AND ACTIVITIES

Objects and Aims

The Company's object is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing:

- Schools ("the mainstream Academies") offering a broad and balanced curriculum;
- Educational institutions which are principally concerned with providing full time or part time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative Academies"); and
- Schools specifically organised to make special education provision for pupils with Special Educational Needs ("the Special Academies").

Objectives, Strategies and Activities

The Strategic Objectives are summarised as follows:

1. Ensure the build projects in Medway and Southend are completed on time, on budget and provide significantly enhanced learning environments for respective academies ensuring that Inspire Academy has the physical environment to allow pupils to achieve to the best of their ability.
2. Improve standard of financial awareness, skills and monitoring across all academies providing appropriately detailed information to Academy Councils and the Board to inform business plans
3. To build a 'family' of Good and Outstanding cross-phase Academies that provide the best possible outcomes for children through successful sponsorship of at least 1 provision in 2020-21.
4. Continue to build transferable leadership and infrastructure models for the successful delivery of learning in existing and new sponsored academies.
5. Successful leadership models are shared across Academies to promote outstanding teaching and learning

These strategic objectives are underpinned by four key priorities for our schools and services.

Public Benefit

The Directors of the trust confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable trust's objectives and aims and in planning future activities for the year. The Directors consider that the charitable trust's aims are demonstrably to the public benefit.

STRATEGIC REPORT

Achievements and Performance

Key Performance Indicators

The Directors use the following key performance indicators to assess the success of the activities of The Parallel Learning Trust.

Standards of Achievement

1. Assessment information, indicating rates of progress for individuals and groups, including pupils eligible for pupil premium funding.
2. Achievement at the end of key stage in line with national expectation.

Quality of Teaching

1. Teaching profile based upon lesson observation judgements
2. Tracking of pupil progress
3. Monitoring of marking and presentation

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Behaviour and Safety

1. Behaviour records, including the measurement of progress against scales of Behavioural Competencies and incidents of bullying and racial harassment.
2. Attendance rates, including lateness and persistent absence
3. Child protection and safeguarding audits
4. Pupil, parent/carer and staff surveys

Leadership and Management

1. Impact of leadership and management on standards of achievement and the quality of teaching
2. Staff development processes, including performance management
3. Ofsted inspections
4. Academy and/or the Trust commissioned reviews
5. Academy self-evaluation processes
6. Quality marks and awards
7. Impact or support on external partners
8. Relationship with commissioners (especially schools in supporting early intervention and reintegration) as seen through the demand for pupil places.
9. Budget monitoring, analysis and future projection

The Key Performance Indicators for the Trust relate to standards of achievement within each academy.

As an extremely busy academic year draws to a close, whilst too early to analyse the academic and overall successes of our existing and new academies, I will use this interim report to outline current performance, where we are on growth plan and where we need to get to in order to cement the success of Parallel Learning Trust as a successful Multi Academy Trust (MAT).

PLT Academy performance by Ofsted judgement criteria

Academy	Ofsted Judgement Areas				
	Overall effectiveness	Effectiveness as of leadership and management	Quality of teaching, learning, behaviour and welfare	Outcomes for pupils	Overall effectiveness at a previous Inspection
Ramsden Hall Academy	2	2	2	2	3
Sutton House Academy	2	2	2	2	4
Victory Park Academy	2	2	2	2	4
Inspire Academy	2	2	2	2	2
Kennington Park Academy	2	2	2	2	2
Park Campus Academy	3	3	3	3	2
Wandle Valley Academy	2	2	2	2	2

1 – Outstanding 2 – Good 3 – Requires Improvement 4 – Inadequate

During 2019-20 all provisions have improved and strengthened, embedding the core systems of the Trust in the following key areas;

- Academy self-evaluation
- Academy improvement planning
- Behaviour management system
- Progress system

Establishing these core systems across the Trust has been pivotal in driving improvement providing the executive team with the ability to develop consistency, refine approaches and compare and contrast performance in key areas of performance. This has enabled senior leaders and the central Trust team to identify areas of strength as well as intelligently target areas for further development. This has proved pivotal in developing USP's for the Trust as well as developing and sharing best practice across PLT and in other organisations. One of the successes in 2019-20 has been to develop a triangulation system that underpins the

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Trust wide grading for Quality of Education by aggregating a weighted value for Learning Walks, Work Scrutiny and Pupil Progress.

Year 11 Examination performance on PLT academies 2019-20

Academy Yr 11 exam performance : Overall performance across the Trust significantly improved this academic year but this was largely in line with predictions and not as a result of COVID-19 due to the robust internal and external moderation processes that are embedded across the Trust. There are a number of benchmarking data categories for measuring performance at Year 11 level which are externally recognised as key performance indicators. These are:

- % achieving at least five (9-4 or equivalent) qualifications (inc. English and Maths)
- % achieving at least five (9-1 or equivalent) qualifications (inc. English and Maths)
- % achieving at least five (9-1 or equivalent) qualifications

The table below highlights the key areas and provides a top level analysis from last year to this year broken down by over Trust average, SEMH academy average and then AP academy average.

	PLT (Average)				SEMH (Average)				AP (Average)			
	2018-2019 Academic Year		2019-2020 Academic Year		2018-2019 Academic Year		2019-2020 Academic Year		2018-2019 Academic Year		2019-2020 Academic Year	
	Number of Students	%	Number of Students	%	Number of Students	%	Number of Students	%	Number of Students	%	Number of Students	%
	97		94		44		46		53		48	
% achieving at least five (9-4 or equivalent) qualifications (inc. English and Maths)	1	1%	8	9%	0	0%	1	2%	1	2%	7	15%
% achieving at least five (9-1 or equivalent) qualifications (inc. English and Maths)	19	20%	53	56%	5	11%	22	48%	14	26%	31	65%
% achieving at least five (9-1 or equivalent) qualifications	26	27%	57	61%	7	16%	26	57%	19	36%	31	65%

We are pleased to confirm that all 6 PLT academies that have Year 11 pupils (KPA is Primary only) either equalled or improved their score in all 3 of the main headline categories listed above, this is a significant achievement. However, the specific area for targeting improvement is in the overall % of pupils achieving a Level 2 qualification in either English or Maths as per the section of the results table below.

Academy :		IA		PCA				RHA		SHA				VPA				WVA							
% achieving a Functional Skills qualification in Maths (L1 -L2)	L1	5	63.0%	5	55.6%	4	12.0%	3	14.3%	3	16.0%	13	92.9%	1	14.0%	0	0.0%	2	10%	0	0.0%	0	0%	5	41.7%
	L2	0	0.0%	1	11.1%	23	70.0%	17	81.0%	0	0.0%	4	28.6%	0	0.0%	0	0.0%	0	0%	0	0.0%	0	0%	1	8.3%
% achieving a Functional Skills qualification in English (L1 -L2)	L1	2	25.0%	4	44.4%	1	3.0%	9	42.9%	3	16.0%	11	78.6%	2	29.0%	6	54.5%	2	10%	0	0.0%	1	10%	5	41.7%
	L2	0	0.0%	1	11.1%	0	0.0%	9	42.9%	0	0.0%	1	7.1%	0	0.0%	2	18.2%	0	0%	0	0.0%	0	0%	0	0.0%

The tables above show continued strong performance across the academies irrespective of disruption to education through COVID-19. Part of the rationale for this is that all of the PLT academies remained open throughout the duration of the pandemic unless forced to close for a limited number of days due to health and safety reasons, this meant the disruption to education was kept to a minimum. In addition, as part of the allocation of grades for this year the vast majority of subjects and courses allowed

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for teacher assessments and grading to be used as the guideline for allocation of grades for pupils which resulted in an increase in results nationally. It would be unfair to assume that the increase in data for PLT academies is also attributed to this due to the rigorous moderation processes in place across all academies. There were some education provisions that only relied on their own staff grading before submitting data to examination boards which then resulted in them suffering grades being negatively adjusted. However, as a result of the strong work that the Teaching & Learning Strategic Lead for PLT has done, every PLT academy has 3 opportunities each year for both internal and external moderation with the process and feedback being well documented on systematic paperwork thus no pupil attending a PLT academy suffered from having a reduction of a grade.

The following is a summary of key achievements and next steps for each of the academies currently within the Trust, it should serve as a thematic headline as a result of the challenges that COVID-19 brought.

Inspire Academy Performance update: This was the first complete year for the substantive Headteacher and he led with compassion and showed strength during the pandemic. He has galvanised the senior leadership team and the quality assurance review highlighted significant progress made. The key priorities for the academy is to further develop an evidenced based approach to targeted therapeutic intervention as well as continuing to work with the DfE on the build programme. During 2019-20 a changed submission was made to the RSC and DfE and it was accepted that the new Inspire Build programme will be centred on an expansion from 40 pupils up to 160 but moving to a blended SEMH (90 places) and ASD (70 places) offer to better meet local needs. This removes PMLD from the previous plan as this will now be met by an expansion of the existing PMLD provision in Medway. The project is going through final feasibility at the time of writing this report and a Memorandum of Understanding has been signed and returned to the DfE formalising the Trusts engagement in the project. The Project is now a complete new build on at alternative location approximately 10 minutes away from the current site and is projected to open in September 2023. To date the expansion has not yet been forecasted in financial projections but this will happen in early Spring 2021 as the project has passed feasibility stage decision making. This will quadruple the size of the provision and in turn create more stability for the Trust and allow for measured expansion of the central team thus ensuring all academies till receive high quality support and challenge.

Park Campus Performance update: The provision performed better in the quality assurance visit this year compared to the previous year and the substantive Headteacher has driven on accountability and raised standards throughout the provision. Central to this has been the clear insistence on adhering to all of the Trust core systems and monitoring procedures which has provided the senior leadership team with the information to supportively challenge on performance resulting in the increased performance in attendance, behaviour and progress. There has been a slow start to reintegrating pupils back into mainstream after a couple of years without any movement on this front and so a marked improvement. It is recognised that the provision is a victim of its own success here though as funding is lost with every pupil that is reintegrated into mainstream. The key priority for the provision is to ensure it is financially secure given the pressure of the previous Lambeth debt as well as the continued lack of security form Lambeth. Subsequently the Executive team with the support of some Directors are reviewing the designation of the provision and seeing if diversification is a feasible concept.

Wandle Valley Academy Performance update: The academy has improved this year as a result of embedding the Trust wide systems and whilst this has been a challenge for staff to align themselves with it has delivered improved performance in examinations. The senior leadership team has been expanded and greater importance being allocated to Teaching & Learning and the Curriculum. This must remain a key priority area for development in order to continue to build upon the improved pupil progress data. It is noted that the vast majority of pupils at WVA arrive with significant gaps in their education. The academy are working with the Executive team to better meet the needs of the cohort through reviewing the curriculum offer and delivery of materials. Another priority is to work with commissioners to understand the Outreach SEMH needs in Sutton and work with The Trust to ensure there is a seamless Outreach offer for mainstream education provisions in line with and part of the local SEMH continuum of support.

Kennington Park Academy Performance update: The academy has performed consistently well throughout the year and benefits from a vastly experienced leader. The new senior leadership team with delegated responsibilities has settled in seamlessly and the redefined management responsibilities are working well. This has seen an improved performance in outcomes and a delegated accountability structure which is building leadership capacity and future proofing the provision. However, one of the most concerning issues at KPA was the significant decline of pupils reintegrating to mainstream education the previous year after having exceedingly high return rates for 3 years prior to this however the LA's decision to remove commissioning for the Outreach Team that used to support the reintegration of pupils has had a huge effect. Furthermore, the LA has not yet established an effective Fair Access Panel (FAP) for Primary despite this being promised a year ago and so there is no mechanism for the provision to actually reintegrate pupils. This has been raised with the LA a number of times.

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KPA has also seen the development of two new resource base provisions, one is an SEMH provision within KPA called Oak Park for Lambeth pupils and the other is an AP type provision for Lewisham that is delivered offsite in a separate Lewisham owned building. The SEMH provision onsite called Oak Park significantly increase in pupil numbers this year and two discrete classes have been established to better meet the needs of the different key stages. The Headteacher should also be proud of the work in developing a commissioned arrangement with Lewisham LA which is delivered offsite and brings in additional funding to the provision, creating stability as a result of funding from Lewisham at full capacity regardless of pupil attendance rates, this is in stark comparison to Lambeth who have moved to a reduced funding arrangement of only funding those pupils who attend for the days that they attend and so funding is considerably more volatile.

The preferred model for funding is that which is offered by Lewisham or Southend as these contain an inbuilt minimum funding guarantee enabling greater security on planning for pupil numbers and costs of running the provision. The key priority area is to develop the current offer for SEMH and AP so that there is a planned but sustainable delivery model that meets the needs of commissioned arrangements with Lewisham (AP) and Lambeth (SEMH) to better meet the needs of commissioners as well as generating greater financial stability for KPA.

Ramsden Hall Academy Performance update: The academy has performed exceptionally well catering for residential pupils during a pandemic and the care and support afforded by staff has been consistently of a high standard throughout a range of local challenges even when transmission rates were high. A significant amount of work has been done to redefine the curriculum offer and to better meet the needs of pupils by creating two distinct groups of SEMH and ASD pupils. This new approach has resulted in an increase in attendance and progress of a significant proportion of pupils and justifies senior leader's decision to make the planned change during the pandemic. As part of a wider review leaders have also improved the range of subjects on offer and this has resulted in an improved set of progress and attainment scores across the provision this academic year. The priority now is to ensure that the core offer in English and Maths reflects the high achievement in Vocational courses with a specific focus on pupils in KS4 achieving a 4 or higher in both English and Maths courses which will greatly increase their chances of progressing to further education, employment or training.

The planned build programme is currently 10 days behind schedule but is still due to be completed by mid-April with a phased decant into the new buildings planned over the summer term. This will significantly improve the residential and academic offer at RHA and potentially increase the capacity of the provision. The priority for RHA is to refine the curriculum offer as well as ensuring the transition to the new facilities is smooth and that there is appropriate communication with all stakeholders.

Sutton House Academy Performance update: The provision has increased in size throughout the year as a result of renewed faith and confidence from all stakeholders. This is testament to the sterling work that the Headteacher has done over the last year in improving the quality of education as well as significantly improving the therapeutic intervention available to pupils. The site has also seen some improvements in terms of physical development such as changed layouts, additional sensory room as well as improved outdoor play space for Primary pupils.

The academy were key supporters of the local community during COVID-19 with regular food parcels and other collections going to those that needed them most. The priority for the academy is to ensure that pupils across all year groups make rapid and sustained progress from their starting point as well as ensuring that the recent strategic change to the personalised curriculum offer is well monitored so that pupils continue to achieve in all areas. The academy must also ensure that it is able to demonstrate effective intervention strategies for all pupils in relation to those specified and be able to effectively demonstrate this at the impending Ofsted inspection.

Victory Park Academy Performance update: The academy secured the strongest exam results across the Trust and continues to lead the way in a diverse curriculum offer. The senior leadership team have worked hard to develop effective partnership working with Southend's new Inclusion team and are working with partner agencies to better identify pupils who would benefit from an early intervention program. The programme (The Turnaround group - TAG) is delivered separately from the main AP offer and has an identified lead member of staff who has thrived in the new role. The key priorities for development are the primary provision as an experienced lead will be leaving on maternity and therefore parallel planning is underway how to best cover the gap during the allocated time in terms of subject delivery as well as line management of the key stage.

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PLT Key behaviour data

The following is an average summary for each academy in PLT looking at the 3 main key areas of attendance, fixed term exclusions and restrictive physical interventions. Please note that the SEMH and AP academies have been separated for Directors to compare and contrast data from similar type provisions as well as averages for SEMH academies as well as AP academies and the overall average for all PLT academies. It is necessary to compare the rate and not the total frequency of the number of incidents as this would not be a fair comparator. The rate is calculated by dividing the total number of incidents, divided by the number of pupils on roll, which is then finally divided by the total number of days of education. This allows a fair comparison of pupils across PLT academies regardless of the size or term as some academies are larger than others and some terms have more days. This Trust wide comparison is a significant strength and development achieved in 2019-20.

	A	B	C	
Academy Type	Attendance	Fixed Term Excl Rate (No.)	RPI Rate (No.)	No on roll
Inspire Academy	84.38%	0.007 (72)	0.010 (98)	48
Ramsden Hall Academy	72%	0.003 (58)	0.010 (196)	95
Sutton House Academy	73.2 %	0.002(17)	0.04 (152)	59
Wandle Valley Academy	77.7%	0.005 (85)	0.003(51)	79
SEMH Average	76.82%	0.004	0.063	
Park Campus Academy	68.1%	0.012 (147)	0.00 (4)	61
Victory Park Academy	65.90%	0.002 (19)	0.003(64)	88
Kennington Park Academy	89.88%	0 (0)	0.04 (180)	41
AP Average	74.62%	0.004	0.014	
PLT Academy Average	75.88%	0.001	0.077	

Summary: The key salient points to highlight when comparing data from last academic year is that overall the % attendance for pupils attending an SEMH PLT academy increased from 73.5% up to 76.8% which is above the national average for an SEMH special school. The PLT SEMH average FTE rate also decreased from 0.010 in 2019 down to 0.004 in 2020 however there was an increase in RPI's up from 0.013 in 2019 to 0.06 in 2020. Closer examination of this can be attributed to the change to a new physical intervention system. This new approach encourages staff to engage at a lower guiding level than a higher intervention later and so the minor increase is not a cause for concern.

The overall the % attendance for pupils attending an SEMH PLT academy increased from 70.8% up to 75.9% which is above the national average for an AP setting. The PLT AP average FTE rate also decreased from 0.039 in 2019 down to 0.004 in 2020 and there was also a decrease in RPI's down from 0.015 in 2019 to 0.014 in 2020.

Trust wide developments / Key achievements

One of the key developments that PLT have established is soft partnerships with other Trusts to further strengthen processes and quality assure work at executive team and below. We have undertaken a Trust audit and developed Trust wide Inset for our behaviour management training, to ensure the level of knowledge and understanding reaches a minimum standard. This involved all academies ensuring the behaviour lead and a member of the admin team attended the one day training. From this we are able to work with our provider and produce bespoke training for academies in either the London or Essex hub resulting in improved succession planning. Examples of this can be seen through the creation of the standardised behaviour report template, which enables far more effective analysis through a common language, but also the ability to drive and improve the way we report, as we have a number of professionals all offering recommendations on the same format. Risk Assessments have also been standardised by the Behaviour Leads and the process of developing a PLT standardised template, based on the good

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practice identified within the academies by Ofsted, DfE guidance, and our own knowledge and experience of what make a practical and effective tool has started and is a target to continue to be embedded and refine practise in 2020-21.

One of the key achievements about the Trust in 2019-20 is the development of Executive Leadership Team meetings (ELT) and Trust wide Steering groups in each of the main areas of the Ofsted framework. Across all academies there has been a range of formal middle management positions to improve succession planning. The key concept has been to embed the Trust wide core systems of; Academy self-evaluation, Academy improvement planning, Behaviour management system and Progress system. The new Strategic Lead for Teaching & Learning has lead on this area across the Trust and the methodology has been replicated to create subject specific Steering groups as well as ones in additional areas for compliance such as HR, GDPR and Health & Safety.

Going Concern

The Directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

These financial statements are prepared on the going concern basis. However, the directors acknowledge a material uncertainty related to going concern since the validity of this approach depends on the trust obtaining sufficient funding from the ESFA and connected local authorities for each provision, that enable continued settlement of historic debt.

As disclosed in note 20 the financial statements provide for a significant liability owed to the London Borough of Lambeth (LBL). This relates to a legal claim issued by LBL against the trust on 27 January 2017 for unpaid payroll services. A provisional settlement of £3.38m was agreed and with a monthly repayment plan now in place to settle this by January 2024. The balance sheet includes the estimated remaining liability of £2.31m (see note 20). The agreed monthly repayment plan provides for payments of:

- £46,341 from October 2020 to January 2021;
- £50,591 from February 2021 to January 2022;
- £55,258 from February 2022 to January 2023;
- £63,592 from February 2023 until full repayment in January 2024.

The directors have also agreed to bi-annual reviews with LBL to determine if repayments could be increased, subject to affordability, in order for the debt to be settled sooner.

A signed legal agreement for the value of the unpaid payroll debt has been agreed during 2019-20 along with a provisional cost for legal fees. It is expected that any increase in legal fees should not be significant.

The settlement agreement provides for default protocol but to date the trust has been able to settle all monthly payments as they fall due and the directors are confident, having considered detailed cash flow forecasts, the trust will continue to be able do so.

Contingent liability note 27 discloses a secondary claim of £929k against the trust by LBL relating to historic pension deficit balances, which the directors continue to refute. Note 27 also details a counterclaim the trust has against LBL relating to unpaid invoices for historic commissioned places.

At the directors' request, the ESFA is acting as an arbitrator between the two parties in respect of these issues.

Investment Policy

A return on working capital should be optimised whilst allowing easy access to the funds. In balancing risk against return the Treasury Management Policy for the Trust policy is clearly geared more towards avoiding risk than towards maximizing return.

The Trust operates an interest bearing current account with a bank approved by the Trust Directors and maintains a balance in that account that is sufficient to cover immediate and forthcoming financial commitments (payroll and payments runs) and sufficient contingency (cash buffer) for unexpected payments.

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The Trust will not take out any long-term investments until a reliable cash flow pattern has been established. Monies will only be paid into approved bank deposit accounts allowing access to funds within a term not exceeding three months.

Promoting the success of the company

The Trust ensures that any decisions made in line with its daily operations or furthering its strategic aims and objectives have due regard to;

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the company

Strategic objectives are regularly discussed and agreed with the Board of Trustee's to ensure full consideration is given to implications of any decisions affecting staff and students within The Trust and other key stakeholders. The governance structure within The Trust is designed to enable input from a wide range of stakeholder voices and experts to provide a balanced and informed process of monitoring, challenge, support and decision making.

One of the key developments that PLT have established is soft partnerships with other Trusts to further strengthen processes and quality assure work at executive team.

Fundraising

The Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

Financial Review and Position

The Trust has had an extremely positive year and improved the revenue reserves position by £647k during 19-20. This has reduced the revenue deficit from £(2,368)k to £(1,721)k. This is reflective of the hard work of each academy within the Trust to ensure they are managing their budgets within their means.

The Trust has taken the decision to outsource the entire finance function after previous operational challenges in performance due to a combination of staff ability and capacity. Following a series of meetings with different financial companies on the recommended ESFA financial services list, the Board agreed to appoint Thinking Solutions for Education (TSfE), a trading subsidiary of Thinking Schools Academy Trust (TSAT). The initial scope of works was to complete an audit of financial management control in December 2019. Subsequently an action plan was created by TSfE and I can confirm that by April all actions were completed ensuring much stronger financial management controls across the organisation. A contract with TSfE has been established for them to provide transactional activity and consultant support until at least August 2021. The Board have also signed off and have begun implementing the finance development plan which will mean PLT will have outstanding financial management by August 2021. The finance development plan outlines that there will be continued outsourcing of transactional activity to TSfE but a reduction of the consultant support, as throughout the 2020-21 academic year TSfE will be upskilling the newly appointed CFO to enable them to fulfil all aspects of roles undertaken currently by the TSfE consultants.

A priority for the next financial year is to build on last year's success and further develop financial systems and structures as appropriate in successful medium sized MAT's.

No new schools have joined The Trust this year and therefore there are no significant assets inherited into the Trust.

Most of The Trust's recurrent income is obtained from the Local Authority and ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA").

Core grant income has been supplemented by capital funding and various other self-generated income streams.

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Directors' Report for the year ended 31 August 2020

In previous years the Trust has prepared group consolidated accounts incorporating the results of its 100% owned subsidiary, Logic School Services C.I.C. This year the subsidiary has been excluded on the grounds that the Directors feel that it is immaterial relative to the Trust itself and therefore the group. The prior year comparatives have been restated to exclude the results of the subsidiary, and, as explained in note 15, a further prior year adjustment has been included to restate the opening value of tangible fixed assets in respect of the carrying value of long-term leasehold land and buildings.

Total income for the year was £14.9m compared to £19.1m in the previous year. The decrease is mainly since the prior year includes £3.8m in respect of the net donation reflected as income representing the assets and liabilities transferred into the trust when Wandle Valley School joined the trust on 1 November 2018.

Revenue income for the year was £14.7m (2019: £13.5m), the increase mainly attributable to a £1.5m rise in local authority grant income. Conversely there was a small reduction in DfE/ESFA grant income and income from board activities fell by £375k.

The SoFA shows net expenditure for the year of £159k (2019: net income of £3.8m). The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was a decrease of £494k (2019: increase of £1.7m).

The actuarial loss of £335k on the LGPS during the year arises due to changes in the actuarial assumptions used by the schemes' actuaries, which are updated at each accounting date to allow for changes in market conditions. Full details of the pension liability and assumptions used are disclosed in note 29. The actuarial loss for the year is only part of the overall movement in the carried deficit, which has increased in total by £1m. The other elements are charged to the SoFA as expenditure for the year, within staff costs, as detailed in accounting policy 1.15.

The operational result and movement on revenue funds is not shown directly on the SoFA. The table which follows reconciles from the overall movement in funds by adjusting for non-revenue amounts to reach the increase in revenue funds during the year of £647k. The table also shows the operational result achieved prior to revenue to capital transfers for fixed assets acquired from revenue grants.

	2020 (£000s)
Overall net movement in funds for the year per SoFA	(494)
<u>Add:</u>	
Decrease attributable to fixed asset fund	132
LGPS actuarial loss	335
LGPS service and interest costs	674
Increase in revenue funds during the year	647
Add: Transfers from revenue to capital to fund fixed asset additions	29
Operational surplus on revenue funds before transfers to capital	676

At 31 August 2020, the Trust held fixed assets with a value of £27m (2019: £27m) and movements in tangible fixed assets are shown in note 16 to the financial statements. Most of these assets relate to the value of leasehold school buildings.

During the year The Trust has provided a central service to its academies during the year. Each academy school pays a 'levy charge' of their General Annual Grant and LA Top-up funding income to The Trust's Central Services fund which pays for key staff, systems or services vital to the running of The Trust. This is detailed in note 14 to the financial statements.

The Trust held fund balances at 31 August 2020 of £30.8m (2019: £31.3m). This total includes the following funds in surplus:

- restricted fixed asset funds of £44.7m (2019: £44.8m) representing the net book value of fixed asset held on the Balance sheet of £44.6m (2019: £44.8m) and unspent capital grant money of £65k (2019: £nil).
- Unrestricted revenue funds of £611k (2019: £441k).

Two funds were in deficit at the 31 August 2020:

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- The pension reserve deficit of £12.2m (2019: £11.2m) does not mean that an immediate liability crystallises; it results in a cash flow effect for The Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of The Trust because of recognising the deficit. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by The Trust have been set until 1 April 2023. The rise in the pension deficit during the year is explained above under the financial review.
- Restricted revenue funds had a deficit of £2.3m (2019: £2.8m). This is linked to the issue with the London Borough of Lambeth disclosed in going concern accounting policy 1.3 and creditors note 20 resulting in the reflection of the long term liability in full within reserves. As explained in accounting policy 1.3 and the statement of funds note 21 a repayment plan is now in place to settle the debt before January 2024.

Reserves Policy

The Trust Board have agreed that going forward there should be a central reserves fund which each academy should proportionately contribute with the aim of creating a £100k over the next 3 years. Whilst this has not been possible previously it is the intention to deliver this going forward however with the volatile commissioning it is accepted that this may not be achievable. The reason for this is to provide sufficient working capital to provide a cushion to deal with unexpected emergencies such as urgent maintenance and to plan for future innovation and development projects. The Directors will review the potential reserve levels of the trust annually. This review encompasses the nature of the income and expenditure streams, the need to match income commitments and the nature of reserves. The Finance Committee have challenged the executive team to deliver a strategy that ensures all academies operate within a 4-5% surplus budget situation by end of 2020-21 financial year.

Principal Risks and Uncertainties

During 2019-20 there has been consistency at executive level with all key positions filled by contracted staff. The Board has looked to make efficiencies where appropriate to streamline the central function and reducing running costs and subsequently has a service level agreement with an external HR provider instead of employing someone in the central team. The Board feels this provides external challenge and rigour to key decision making which helps to lower risk. In addition, a new executive leadership structure is in place and the new Executive Headteacher & CEO has improved relationships with commissioners as well as the ESFA. This has brought greater financial stability to the Trust. This has been externally validated at the Trusts annual MAT audit with the RSC in November 2019. Risks are prioritised using a consistent scoring system and in line with the Academies risk management matrix. In the MAT review the RSC noted:

- the Progress 5 measure developed and how this is being used to benchmark the performance of The Trust's schools
- the improvements made to the financial review process within the Trust
- the significant reductions made in the Trust's operating costs
- the improved relationship Parallel now has with London Borough of Lambeth (LBL)
- the cross-Trust relationships you have developed with Pioneer Academy Trust and TSAT

Outlined below is a description of the principal risk factors that may affect PLT. Not all the factors are within PLT's control. Other factors besides those listed below may also adversely affect the Trust.

COVID-19

The impact of the pandemic has had a negative impact on finances, as well as key performance indicators such as attendance, progress, attainment and negative behaviour. The pandemic has also had a significant impact on recruitment as well as staffing with colleagues affected directly and indirectly. The Trust has reacted well where necessary and created a strategic response in anticipation to a variety of potential scenarios given the potential risks. The Trust is part of a DfE Steering group that meets weekly and is therefore best placed to plan for a range of possible developments. The additional risk here is that there is a high potential for increased costs for PPE and/or staffing to cover absences but there are limited funds that have been made available by the DfE to support this risk.

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Government funding

PLT has considerable reliance on continued government funding through the ESFA and Top Up Funding from Local Authorities. In the accounting period 98% of the Trust's revenue was ultimately public funding and this level of requirement is expected to continue. There can be no assurance that national or local government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. There is significant risk in reduction of commissioning specifically within Lambeth and in addition the length and expiration dates of other commissioning arrangements as these tend to be reviewed on an annual basis.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual agreements
- A new commissioning strategy that secures appropriate funding from a range of sources

Maintain adequate funding of pension liabilities

The financial statement reports the share of the pension scheme deficit on PLT's balance sheet in line with the requirement of FRS 102.

Future growth

- Considerable focus and investment is placed on maintaining and managing key relationships
- By ensuring the academies in PLT Trust is rigorous in delivering high quality education and training ESFA and local government

Auditor

In so far as the Directors are aware:

1. there is no relevant audit information of which the charitable company's auditor is unaware information and to establish that the auditor is aware of that information.
2. the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit

This Directors' Report, incorporating a strategic report, was approved by order of the board of Directors, and signed on the board's behalf by:

Ceri Howells

C Howells
Acting Chair of Directors



M Jordan
Chief Executive Officer and Accounting Officer

Date: 28 January 2021

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Governance Statement for the year ended 31 August 2020

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

The Board of Directors has delegated the day-to-day responsibility to the chief executive officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Parallel Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Directors any material weaknesses or breakdowns in internal control.

Governance

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

Director	Category	Appointed as Director (4yr term of office) & (who appointed)	Committees: - Finance, Resources & Premises - Staffing, Performance & Safeguarding	Attendance at PLT Board Meetings	Attendance at S, P & S Committee	Attendance at F, R & P Committee
Ross Neal	Chair of Director (current Member)	26 June 2018 (member appointment)	None	6/6	NA	NA
Mark Jordan	CEO & Accounting Officer	ex officio from 12/06/17	Both Committees	6/6	3/3	4/4
Rosemary Newlove	Vice Chair (Member)	26 June 2018 (member appointment)	FR&P	6/6	3/3	4/4
Mick Martell	Director	20 October 2014 co-opted Member appointed 18 July 2017	Both Committees	6/6	3/3	4/4
Andrea Smith	Director & Chair part year of PCA Academy Council	1 October 2017 (member appointment) Resigned in March 2020	Both Committees	1/1	2/2	4/4
Richard Pugh	Director & Chair of FR&P Committee	11 July 2013 Reappointed 18 July 2017 (member appointment)	FR&P	6/6	NA	4/4
Bhaavin Wallia	Director	12 December 2018 (Member appointment)	No committee	2/6	NA	N/A
Liam Farrow	Director	26.03.2019 (Member appointment)	S,P&S committee	4/6	3/3	N/A
Jonathan Alvis	Director	March 2020 (co-opted appointed)	No committee	1/6	N/A	N/A

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Governance Statement for the year ended 31 August 2020

Current Trust Members	Category	Appointed	Register of Conflict of Interest	Attendance at PLT AGM/GMs in last 12 months
Ross Neal <i>Chair of Directors</i>	Member	As Director for 4yrs 6 June 2018 for 4 yrs As Chair of Directors 26 June 2018 Chair of Directors is a de facto Member of the Trust	LA influenced for purpose of voting	4/4
Victor Da Silva	Director Member	As Director 11 July 2013 to 29 March 2016 As Member 11 July 2013	Director to March 2016 Chair Logic School Services CIC (09092126)	4/4
Rosemary Newlove <i>Vice-Chair of Directors</i>	Director Member	As Director 26 June 2018 for 4yrs As Member 7 Oct 2015	None	4/4
Catherine Malec	Member	As Member 29 March 2016	None	4/4
Vacancy	Member			

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Parallel Learning Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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Governance Statement for the year ended 31 August 2020

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

The board did not appoint a specific internal audit function for 2019-20 due to other priorities and also the restrictions arising from the COVID-19 pandemic. A suitable programme of internal scrutiny work is being put in place for 2020-21 to meet the requirements of the Academies Financial Handbook.

Review of Effectiveness

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

- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

A plan is in place to address weaknesses and ensure continuous improvement of the systems and controls.

Review of Value for Money

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

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

1. Economy - minimising the cost of resources used by the Trust but to ensure quality of services are maintained.
2. Efficiency - improving the relationship between the results achieved and the resources used to get those results.
3. Effectiveness - improving the relationship between the intended impacts and actual impacts of Trust's activities.

Approved by order of the members of the board of trustees and signed on their behalf, by:

Ceri Howells

C Howells
Acting Chair of Directors



M Jordan
Chief Executive Officer and Accounting Officer

Date: 28 January 2021

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Statement on Regularity, Propriety and Compliance

As accounting officer of Parallel Learning Trust I have considered my responsibility to notify the academy trust board of directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy trust board of directors are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

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

I do, however note, that the trust has not fully complied with certain requirements of the Academies Financial Handbook during the year as explained below:

- as detailed in note 33 the Trust did not obtain a statement of assurance from a related party supplier in advance of entering into the arrangement and did not report the transaction in advance to the ESFA. A retrospective statement of assurance was obtained as soon as we became aware this had been overlooked.
- the register of business and pecuniary interests was not maintained with sufficient detail, with the audit noting that members, key management and local governors were not included. The register is in the process of being updated.
- no specific internal scrutiny visits were undertaken during the year to deliver on-going assurance over the operation of the Trust's systems and controls throughout the year. The finance sub-committee did report to the full board on certain specific issues but I acknowledge this does not meet the Academies Financial Handbook requirements. The Trust is appointing an external firm of auditors to provide a detailed programme of internal scrutiny assurance for 2020/21.



M Jordan
Accounting Officer

Date: 28 January 2021

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Statement of directors' responsibilities
For the year ended 31 August 2020

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of directors and signed on its behalf by:

Ceri Howells

C Howells
Acting Chair of Directors

Date: 28 January 2021

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Independent Auditors' Report on the financial statements to the Members of Parallel Learning Trust

Opinion

We have audited the financial statements of Parallel Learning Trust (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2020 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 Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust 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.

Material uncertainty related to going concern

We draw attention to note 1.3 in the financial statements, which indicates the settlement agreement the trust has entered into with London Borough of Lambeth and the additional contingent liability with them that may exist. As stated in note 1.3, these events or conditions, along with the other matters as set forth in note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the academy trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Directors' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Parallel Learning Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Members of Parallel Learning Trust (continued)

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Directors' responsibilities statement, the directors (who are also the directors of the academy trust 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 directors 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 directors are responsible for assessing the academy trust'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 directors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Other matters

The financial statements for the year ended 31 August 2019 were audited by the predecessor auditor, CTMP Accountants Ltd. The audit report was issued on 30 December 2019 and expressed an unqualified opinion on the financial statements.

Use of our report

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



Allan R Hickie BSc FCA (Senior statutory auditor)
for and on behalf of
UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 29 January 2021

Parallel Learning Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Parallel Learning Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 14 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Parallel Learning Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Parallel Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Parallel Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Parallel Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Parallel Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Parallel Learning Trust's funding agreement with the Secretary of State for Education dated 1 October 2015 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Parallel Learning Trust for the year ended 31 August 2020 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Parallel Learning Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Parallel Learning Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention - other than the matters included by the Accounting Officer in his Statement on Regularity, Propriety and Compliance - which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 29 January 2021

Parallel Learning Trust
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 August 2020

		Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	<i>As restated</i> Total funds 2019 £000
	Note					
Income from:						
Donations and capital grants	3	17	-	216	233	5,664
Funding for the academy trust's educational operations	6	145	13,989	-	14,134	12,638
Boarding activities	34	-	467	-	467	842
Other trading activities	4	40	-	-	40	27
Investments	5	-	-	-	-	1
Total income		202	14,456	216	14,874	19,172
Expenditure on:						
Charitable activities	8	32	14,189	377	14,598	14,671
Boarding activities		-	435	-	435	735
Total expenditure		32	14,624	377	15,033	15,406
Net income/(expenditure)		170	(168)	(161)	(159)	3,766
Transfers between funds	21	-	(29)	29	-	-
Net movement in funds before other recognised gains/(losses)		170	(197)	(132)	(159)	3,766
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	29	-	(335)	-	(335)	(2,038)
Net movement in funds		170	(532)	(132)	(494)	1,728
Reconciliation of funds:						
Total funds brought forward		441	(13,984)	44,803	31,260	29,532
Net movement in funds		170	(532)	(132)	(494)	1,728
Total funds carried forward	21	611	(14,516)	44,671	30,766	31,260

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 29 to 57 form part of these financial statements.

Parallel Learning Trust
(A company limited by guarantee)
Registered number: 08605705

Balance sheet
As at 31 August 2020

	Note	2020 £000	<i>As restated</i> 2019 £000
Fixed assets			
Tangible assets	16	44,606	44,803
Current assets			
Stocks		5	5
Debtors	18	604	1,022
Cash at bank and in hand		1,161	1,130
		<u>1,770</u>	<u>2,157</u>
Creditors: amounts falling due within one year	19	(1,683)	(2,202)
Net current assets / liabilities		<u>87</u>	<u>(45)</u>
Total assets less current liabilities		<u>44,693</u>	<u>44,758</u>
Creditors: amounts falling due after more than one year	20	(1,743)	(2,323)
Net assets excluding pension liability		<u>42,950</u>	<u>42,435</u>
Defined benefit pension scheme liability	29	(12,184)	(11,175)
Total net assets		<u><u>30,766</u></u>	<u><u>31,260</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	21	44,671	44,803
Restricted income funds	21	(2,332)	(2,809)
Pension reserve	21	(12,184)	(11,175)
Total restricted funds	21	<u>30,155</u>	<u>30,819</u>
Unrestricted income funds	21	611	441
Total funds		<u><u>30,766</u></u>	<u><u>31,260</u></u>

The financial statements on pages 26 to 57 were approved and authorised for issue by the directors and are signed on their behalf, by:

Ceri Howells

C Howells
Acting Chair of Directors

M Jordan
CEO and Accounting Officer

Date: 28 January 2021

The notes on pages 29 to 57 form part of these financial statements.

Parallel Learning Trust
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2020

	Note	2020 £000	<i>2019</i> <i>£000</i>
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	23	(5)	769
Cash flows from investing activities	24	36	<i>(108)</i>
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		31	<i>661</i>
Cash and cash equivalents at the beginning of the year		1,130	<i>469</i>
Cash and cash equivalents at the end of the year	25, 26	<hr/> <u>1,161</u>	<hr/> <u><i>1,130</i></u>

The notes on pages 29 to 57 form part of these financial statements

Parallel Learning Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Parallel Learning Trust meets the definition of a public benefit entity under FRS 102.

1.2 Group accounts

The financial statements present information about the academy trust and not about its group. Although consolidated into group financial statements in previous years the directors have deemed the academy trust's subsidiary undertaking, Logic School Services C.I.C, to be immaterial to the group for 2019/20. This decision has been made on the basis that the subsidiary has very little activity during the year and its main balance sheet item is the intercompany balance owed to Parallel Learning Trust; this has already been provided against as doubtful, in full, in Parallel Learning Trust's own financial statements and would, in any case, be eliminated in any consolidation process. The academy trust has therefore taken advantage of the exemptions provided by section 405 of the Companies Act 2006 not to prepare consolidated accounts.

Details of the investment are provided in note 17 to the financial statements.

1.3 Going concern

The Directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

These financial statements are prepared on the going concern basis. However, the directors acknowledge a material uncertainty related to going concern since the validity of this approach depends on the trust obtaining sufficient funding from the ESFA and connected local authorities for each provision, that enable continued settlement of historic debt.

As disclosed in note 20 the financial statements provide for a significant liability owed to the London Borough of Lambeth (LBL). This relates to a legal claim issued by LBL against the trust on 27 January 2017 for unpaid payroll services. A provisional settlement of £3.38m was agreed and with a monthly repayment plan now in place to settle this by January 2024. The balance sheet includes the estimated remaining liability of £2.31m (see note 20). The agreed monthly repayment plan provides for payments of:

- £46,341 from October 2020 to January 2021;
- £50,591 from February 2021 to January 2022;
- £55,258 from February 2022 to January 2023;
- £63,592 from February 2023 until full repayment in January 2024.

The directors have also agreed to bi-annual reviews with LBL to determine if repayments could be increased, subject to affordability, in order for the debt to be settled sooner.

A signed legal agreement for the value of the unpaid payroll debt has been agreed during 2019-20 along with a provisional cost for legal fees. It is expected that any increase in legal fees should not be significant.

The settlement agreement provides for default protocol but to date the trust has been able to settle all monthly payments as they fall due and the directors are confident, having considered detailed cash flow forecasts, the trust will continue to be able to do so.

Parallel Learning Trust
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Notes to the financial statements
For the year ended 31 August 2020

1. Accounting policies (continued)

1.3 Going concern (continued)

Contingent liability note 27 discloses a secondary claim of £929k against the trust by LBL relating to historic pension deficit balances, which the directors continue to refute. Note 27 also details a counterclaim the trust has against LBL relating to unpaid invoices for historic commissioned places.

At the directors' request, the ESFA is acting as an arbitrator between the two parties in respect of these issues.

1.4 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

• **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the academy trust has provided the goods or services.

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.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Interest receivable

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

Parallel Learning Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2020

1. Accounting policies (continued)

1.7 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.8 Tangible fixed assets

Assets costing £5,000 or more for a single item and £10,000 or more for group purchases of similar items are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long-term leasehold property	- over lease term of 125 years
Furniture and equipment	- 20% per annum
Computer equipment	- 20% per annum

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

1.9 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

1.10 Debtors

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

1.11 Cash at bank and in hand

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

Parallel Learning Trust
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Notes to the financial statements
For the year ended 31 August 2020

1. Accounting policies (continued)

1.12 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Parallel Learning Trust
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Notes to the financial statements
For the year ended 31 August 2020

1. Accounting policies (continued)

1.16 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

There have been some specific issues which have been considered regarding the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement". This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material. This was reflected in the prior year as a past service cost, within staff costs, and detailed in note 29, of £157,000.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published.

(2) Goodwin case. Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS.

Briefing notes provided by the actuary have indicated they expect the impact will be minimal for LGPS funds.

(3) Guaranteed Minimum Pension (GMP). On 22 January 2018, the Government published the outcome to its Indexation and equalisation of GMP in public service pension schemes consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 6 April 2021. HM Treasury published a Ministerial Direction on 4 December 2018 to implement this outcome, with effect from 6 April 2016.

Parallel Learning Trust
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Notes to the financial statements
For the year ended 31 August 2020

2. Critical accounting estimates and areas of judgment (continued)

Briefing notes provided by the actuary have indicated they do not expect to make any adjustments to the value placed on the liabilities as a result of the above outcome.

(4) Discount rates. There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced which has resulted in a higher value being placed on the defined benefit obligation. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(5) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 29. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions have been updated in line with those adopted for the Fund's 2019 actuarial valuation which anticipates a reduction in projected life expectancies. The lower life expectancy assumptions result in a lower value being placed on the defined benefit obligation. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

3. Income from donations and capital grants

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Transfer of existing academy in to the trust	-	-	-	-	3,840
Donations	17	-	-	17	5
Capital grants	-	-	216	216	1,819
	<u>17</u>	<u>-</u>	<u>216</u>	<u>233</u>	<u>5,664</u>
<i>Analysis of 2019 total by fund</i>	<u>231</u>	<u>(1,577)</u>	<u>7,010</u>	<u>5,664</u>	

Parallel Learning Trust
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Notes to the financial statements
For the year ended 31 August 2020

4. Income from other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Hire of facilities	32	32	27
Insurance claims	8	8	-
	<u>40</u>	<u>40</u>	<u>27</u>
	<u>27</u>	<u>27</u>	
<i>Analysis of 2019 total by fund</i>			

5. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Bank interest	-	-	1
	<u>1</u>	<u>1</u>	
<i>Analysis of 2019 total by fund</i>			

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Notes to the financial statements
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6. Funding for the academy trust's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,251	5,251	5,350
Other DfE/ESFA grants	-	522	522	462
	-	5,773	5,773	5,812
Other government grants				
Local authority grants	-	8,180	8,180	6,626
	-	8,180	8,180	6,626
Exceptional government funding				
Coronavirus exceptional support	-	36	36	-
	-	36	36	-
Other funding				
Other income from the academy trust's educational operations	145	-	145	200
	145	-	145	200
	145	13,989	14,134	12,638
<i>Analysis of 2019 total by fund</i>	<i>200</i>	<i>12,438</i>	<i>12,638</i>	

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The funding received for coronavirus exceptional support covers £36k of premises and other support costs. These costs are included in notes 7 and 9 below as appropriate.

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Notes to the financial statements
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7. Expenditure

	Staff Costs	Premises	Other	Total	<i>Total</i>
	2020	2020	2020	2020	<i>2019</i>
	£000	£000	£000	£000	<i>£000</i>
Educational operations:					
Direct costs	9,748	-	923	10,671	9,954
Allocated support costs	1,990	1,102	835	3,927	4,717
Boarding activities (Note 34)	411	12	12	435	735
	<u>12,149</u>	<u>1,114</u>	<u>1,770</u>	<u>15,033</u>	<u>15,406</u>
<i>Analysis of 2019 total</i>	<u>11,411</u>	<u>1,065</u>	<u>2,930</u>	<u>15,406</u>	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted	Restricted	Total	<i>Total</i>
	funds	funds	funds	<i>funds</i>
	2020	2020	2020	<i>2019</i>
	£000	£000	£000	<i>£000</i>
Educational operations	32	14,566	14,598	14,671
	<u>32</u>	<u>14,566</u>	<u>14,598</u>	<u>14,671</u>
<i>Analysis of 2019 total by fund</i>	<u>-</u>	<u>14,671</u>	<u>14,671</u>	

9. Analysis of expenditure by activities

	Direct costs	Support costs	Total	<i>Total</i>
	2020	2020	funds	<i>funds</i>
	£000	£000	2020	<i>2019</i>
	£000	£000	£000	<i>£000</i>
Educational operations	10,671	3,927	14,598	14,671
	<u>10,671</u>	<u>3,927</u>	<u>14,598</u>	<u>14,671</u>
<i>Analysis of 2019 total</i>	<u>9,954</u>	<u>4,717</u>	<u>14,671</u>	

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Notes to the financial statements
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9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Staff costs	1,990	2,230
Depreciation	377	342
Premises costs	877	806
Other support costs	599	1,213
Technology costs	-	50
Governance costs	48	43
Legal costs	36	33
	<hr/> 3,927 <hr/>	<hr/> 4,717 <hr/>

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £000	<i>2019 £000</i>
Operating lease rentals	48	6
Depreciation of tangible fixed assets	377	332
Fees paid to auditors for:		
- audit	27	43
- other services	6	4
	<hr/> 6 <hr/>	<hr/> 4 <hr/>

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Notes to the financial statements
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11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
Wages and salaries	8,119	8,202
Social security costs	779	676
Pension costs	2,325	2,019
	<hr/>	<hr/>
	11,223	10,897
Agency staff costs	863	425
Staff restructuring costs	63	89
	<hr/>	<hr/>
	<u>12,149</u>	<u>11,411</u>

Staff restructuring costs comprise:

	2020	<i>2019</i>
	£000	<i>£000</i>
Redundancy payments	9	38
Severance payments	54	26
Other restructuring costs	-	25
	<hr/>	<hr/>
	<u>63</u>	<u>89</u>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £34k (*2019 - £27k*). Individually, the payments were: £11k, £10k, £9k and £4k.

c. Staff numbers

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

	2020	<i>2019</i>
	No.	<i>No.</i>
Teachers	99	106
Administration and support	145	140
Management	17	22
	<hr/>	<hr/>
	<u>261</u>	<u>268</u>

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Notes to the financial statements
For the year ended 31 August 2020

11. Staff (continued)

d. Higher paid staff

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

	2020	<i>2019</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	5	7
In the band £70,001 - £80,000	7	2
In the band £80,001 - £90,000	1	-
In the band £90,001 - £100,000	1	1
In the band £100,001 - £110,000	-	1
In the band £140,001 - £150,000	-	1
In the band £160,001 - £170,000	1	-

e. Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £278k (2019 - £263k).

12. Directors' remuneration and expenses

One or more directors has been paid remuneration or has received other benefits from an employment with the academy trust. The CEO and other staff directors only receive remuneration in respect of services they provide undertaking the roles of CEO and staff members under their contracts of employment. The value of directors' remuneration and other benefits was as follows:

		2020	<i>2019</i>
		£000	<i>£000</i>
M Jordan (CEO and Accounting Officer)	Remuneration	160 - 165	145 - 150

During the year ended 31 August 2020, no director expenses have been incurred (2019 - £3k was reimbursed to 1 director for travel and subsistence).

13. Directors' and Officers' insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the directors and officers indemnity element from the overall cost of the RPA scheme membership.

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Notes to the financial statements
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14. Central services

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

- Core educational support

The Central Trust will offer the deployment of key staff to support the following:

- Accounting officer for all academies in the form of a CEO
- Quality assurance of key subjects
- Funding to support Executive leadership responsibilities
- Access to 'The Key' online management information service

- Legal and Governance

The Central Trust will provide the following elements to cover the Legal and Governance requirements:

- Governance and compliance administration to monitor and advise school on legal issues
- External quality assurance costs as directed by the Quality assurance committee
- Clerking costs for the Board and Board committees
- GDPR Sentry Online System

- Financial Management

The Central Trust will provide the following elements to cover the financial management requirements:

- CFO and Head of Finance to ensure compliance and provide monitoring and support
- All licence costs associated with Finance systems
- Training and development costs

- Human resources and payroll

The Trust will provide the following elements to cover the HR requirements:

- HR Officer to support recruitment, compliance and provide monitoring and support
- Access to HR consultancy services through KAPE HR
- Staff Wellbeing and Occupational Health Service
- Access to an online recruitment system
- Access to an e-learning service

- IT and communications

The Central Trust will provide the following elements to cover the IT requirements:

- IT manager to ensure compliance and provide monitoring and support
- IT project manager to provide bespoke support for IT projects
- IT Helpdesk system
- All costs linked to websites hosting and developing and audit

- Estates

The Central Trust will provide the following elements to cover the Estates management requirements:

- Access to a Estates Manager to ensure compliance and provide monitoring and support
- Management of capital projects
- Review of key contracts to ensure that best value is offered to schools

- Other

The Central Trust will also cover:

- All costs associated with Head office

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Notes to the financial statements
For the year ended 31 August 2020

14. Central services (continued)

The academy trust charges for these services on the following basis:

6.5% of ESFA and other government grant funding.

The actual amounts charged during the year were as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
Park Campus Academy	153	<i>163</i>
Kennington Park Academy	105	<i>99</i>
Ramsden Hall Academy	174	<i>168</i>
Inspire Academy	82	<i>80</i>
Sutton House Academy	87	<i>68</i>
Victory Park Academy	127	<i>96</i>
Wandle Valley Academy	147	<i>121</i>
Total	<u>875</u>	<u><i>795</i></u>

Funds of £340k were also transferred in the year to the Central Trust from Park Campus Academy (£227k) and Kennington Park Academy (£113k). This represents the repayments made in the year of the provisional debt settlement sum due to London Borough of Lambeth for unpaid payroll services (see also note 20).

15. Prior year adjustments

A prior year adjustment has been made to increase the tangible fixed asset cost of long-term leasehold property to the values provided by the ESFA desktop valuation process. The effect has been to increase the net book value of tangible fixed assets and the fixed asset fund at 1 September 2019 by £17.702m.

A further prior year adjustment has been made to correct the allocation of tangible fixed asset cost and accumulated depreciation figures as at 1 September 2019, as shown in note 16. There has been no overall change in the total net book value as a result of this adjustment.

The prior year accounts were prepared on a consolidated basis to include the trust's subsidiary undertaking, Logic School Services C.I.C. These accounts exclude the subsidiary figures, as it has been deemed immaterial to the group as a whole.

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Notes to the financial statements
For the year ended 31 August 2020

16. Tangible fixed assets

	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2019 (as previously stated)	27,481	591	212	28,284
Prior Year Adjustment	18,234	(355)	457	18,336
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 September 2019 (as restated)	45,715	236	669	46,620
Additions	149	17	14	180
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2020	45,864	253	683	46,800
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2019 (as previously stated)	709	332	142	1,183
Prior Year Adjustment	536	(194)	292	634
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 September 2019 (as restated)	1,245	138	434	1,817
Charge for the year	225	38	114	377
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2020	1,470	176	548	2,194
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2020	44,394	77	135	44,606
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>At 31 August 2019 (as restated)</i>	44,470	98	235	44,803
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in long-term leasehold property is land at value of £23.94m (2019 - £23.94m), which is not depreciated.

17. Fixed asset investments

The trust has a wholly owned subsidiary undertaking, Logic School Services C.I.C. The investment of £1 is not shown on the Balance Sheet since the financial statements are rounded to £000s.

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Notes to the financial statements
For the year ended 31 August 2020

18. Debtors

	2020	<i>2019</i>
	£000	<i>£000</i>
Trade debtors	245	461
Other debtors	37	483
Prepayments and accrued income	322	78
	<u>604</u>	<u>1,022</u>

19. Creditors: Amounts falling due within one year

	2020	<i>2019</i>
	£000	<i>£000</i>
Trade creditors	775	1,119
Other taxation and social security	198	150
Other creditors	323	137
Accruals and deferred income	387	796
	<u>1,683</u>	<u>2,202</u>

	2020	<i>2019</i>
	£000	<i>£000</i>
Resources deferred during the year	13	-

At the balance sheet date, the academy trust was holding funds received in advance for the 2020/21 academic year for ESFA rates relief.

20. Creditors: Amounts falling due after more than one year

	2020	<i>2019</i>
	£000	<i>£000</i>
Trade creditors	<u>1,743</u>	<u>2,323</u>

Trade creditors at 31 August 2020 include a balance of £2.31m in respect of a provisional debt settlement sum due to London Borough of Lambeth for unpaid payroll services. The amount is being paid by monthly instalments and under the terms of the settlement agreement is expected to be repaid in full by January 2024. Some of this total balance (£567k) is therefore included within trade creditor falling due within one year. The final debt settlement sum is currently being determined.

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21. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General funds	441	202	(32)	-	-	611
Restricted general funds						
General Annual Grant (GAG)	(2,809)	5,251	(4,745)	(29)	-	(2,332)
Other DfE/ESFA grants	-	558	(558)	-	-	-
Other government grants	-	8,647	(8,647)	-	-	-
Pension reserve	(11,175)	-	(674)	-	(335)	(12,184)
	<u>(13,984)</u>	<u>14,456</u>	<u>(14,624)</u>	<u>(29)</u>	<u>(335)</u>	<u>(14,516)</u>
Restricted fixed asset funds						
Fixed assets	44,803	-	(377)	180	-	44,606
DfE/ESFA capital grants	-	211	-	(146)	-	65
Other capital income	-	5	-	(5)	-	-
	<u>44,803</u>	<u>216</u>	<u>(377)</u>	<u>29</u>	<u>-</u>	<u>44,671</u>
Total Restricted funds	<u>30,819</u>	<u>14,672</u>	<u>(15,001)</u>	<u>-</u>	<u>(335)</u>	<u>30,155</u>
Total funds	<u><u>31,260</u></u>	<u><u>14,874</u></u>	<u><u>(15,033)</u></u>	<u><u>-</u></u>	<u><u>(335)</u></u>	<u><u>30,766</u></u>

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

General Annual Grant ('GAG') must be used for the normal running costs of the academy trust.

The other DfE/ESFA grants fund is used to track grants provided by the DfE and related bodies, and includes Pupil Premium.

The other government grants fund is used to track grants provided by government departments other than the DfE/ESFA and includes grants received from Local Authorities.

The pension reserve relates to the academy trust's share of the deficit of the Local Government Pension Schemes overseen by its Local Authorities.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The net transfers into the restricted fixed asset fund of £29k reflect capital purchases made from revenue funds.

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

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

The academy trust is carrying a net deficit of £1,721,000 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reasons:

The Central Trust (CEN) deficit is predominantly linked to the historic payroll debt outstanding of £2.31m which is fully recognised at Central.

Park Campus Academy is carrying a large deficit relating to poor financial management many years ago, overseen by the previous executive team.

The academy trust's deficit recovery plan includes the following actions to return these funds to surplus:

As the historic payroll debt is repaid in cash to London Borough of Lambeth over the next 4 years, the revenue movement on the balance sheet will be a transfer of funds from KPA and PCA back to CEN which will effectively clear the deficit balance. Further savings have been identified in 20/21 to reduce ongoing costs and ensure that the Central service is sustainable with the value of income received from each academies levy charge.

Significant gains have been made in 19/20 to reduce the PCA deficit by £152k. It should also be noted that this was achieved at the same time as repaying £226k of the historic payroll debt. Further significant savings have also been identified for 20/21 to ensure the academy can continue to repay the historic payroll debt and remain operationally viable. It is anticipated that the historic deficit will be cleared rapidly once the historic payroll debt has been cleared in 23/24.

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020	<i>As restated</i>
	£000	<i>2019</i>
		<i>£000</i>
Park Campus Academy	(784)	(936)
Kennington Park Academy	110	95
Ramsden Hall Academy	352	384
Inspire Academy	494	444
Sutton House Academy	103	55
Victory Park Academy	103	55
Wandle Valley Academy	321	159
Central	(2,420)	(2,624)
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	(1,721)	(2,368)
Restricted fixed asset fund	44,671	44,803
Pension reserve	(12,184)	(11,175)
	<hr/>	<hr/>
Total	30,766	31,260
	<hr/> <hr/>	<hr/> <hr/>

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

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit £000
Central	(2,420)
Park Campus Academy	(784)
	<u><u> </u></u>

See comments above for the actions being taken in respect of the total trust revenue deficit.

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2020 £000	<i>Total 2019 £000</i>
Park Campus Academy	1,619	195	80	190	2,084	2,303
Kennington Park Academy	1,137	169	107	112	1,525	1,218
Ramsden Hall Academy	1,938	278	228	316	2,760	2,568
Inspire Academy	822	136	116	112	1,186	1,267
Sutton House Academy	921	154	101	186	1,362	1,110
Victory Park Academy	1,436	137	141	195	1,909	1,739
Wandle Valley Academy	1,597	196	89	264	2,146	2,050
Central	551	863	65	205	1,684	2,809
Academy trust	<u>10,021</u>	<u>2,128</u>	<u>927</u>	<u>1,580</u>	<u>14,656</u>	<u>15,064</u>

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21. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	<i>As restated Balance at 1 September 2018 £000</i>	<i>As restated Income £000</i>	<i>As restated Expenditure £000</i>	<i>As restated Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2019 £000</i>
Unrestricted funds						
General funds	571	233	(589)	226	-	441
Transfer of existing academy in to the trust	-	226	-	(226)	-	-
	<u>571</u>	<u>459</u>	<u>(589)</u>	<u>-</u>	<u>-</u>	<u>441</u>
Restricted general funds						
General Annual Grant (GAG)	(2,235)	5,350	(5,914)	(10)	-	(2,809)
Other DfE/ESFA grants	-	462	(462)	-	-	-
Other government grants	-	7,468	(7,468)	-	-	-
Transfer of existing academy in to the trust	-	(1,577)	-	1,577	-	-
Pension reserve	(6,820)	-	(641)	(1,676)	(2,038)	(11,175)
	<u>(9,055)</u>	<u>11,703</u>	<u>(14,485)</u>	<u>(109)</u>	<u>(2,038)</u>	<u>(13,984)</u>
Restricted fixed asset funds						
Fixed assets	38,016	-	(332)	7,119	-	44,803
DfE/ESFA capital grants	-	1,819	-	(1,819)	-	-
Transfer of existing academy in to the trust	-	5,191	-	(5,191)	-	-
	<u>38,016</u>	<u>7,010</u>	<u>(332)</u>	<u>109</u>	<u>-</u>	<u>44,803</u>
Total Restricted funds	<u>28,961</u>	<u>18,713</u>	<u>(14,817)</u>	<u>-</u>	<u>(2,038)</u>	<u>30,819</u>
Total funds	<u>29,532</u>	<u>19,172</u>	<u>(15,406)</u>	<u>-</u>	<u>(2,038)</u>	<u>31,260</u>

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22. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	44,606	44,606
Current assets	626	1,079	65	1,770
Creditors due within one year	(15)	(1,668)	-	(1,683)
Creditors due in more than one year	-	(1,743)	-	(1,743)
Provisions for liabilities and charges	-	(12,184)	-	(12,184)
Total	611	(14,516)	44,671	30,766

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>As restated Restricted fixed asset funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Tangible fixed assets	-	-	44,803	44,803
Current assets	441	1,716	-	2,157
Creditors due within one year	-	(2,202)	-	(2,202)
Creditors due in more than one year	-	(2,323)	-	(2,323)
Provisions for liabilities and charges	-	(11,175)	-	(11,175)
Total	441	(13,984)	44,803	31,260

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23. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2020	<i>2019</i>
	£000	<i>£000</i>
Net (expenditure)/income for the period (as per Statement of financial activities)	(159)	3,766
Adjustments for:		
Depreciation	377	331
Capital grants from DfE and other capital income	(216)	(1,819)
Interest receivable	-	1
Defined benefit pension scheme obligation inherited	-	1,676
Defined benefit pension scheme cost less contributions payable	467	424
Defined benefit pension scheme finance cost	207	217
Decrease in debtors	418	1,598
Decrease in creditors	(1,099)	(234)
Fixed assets transferred in on academy joining trust	-	(5,191)
Net cash (used in)/provided by operating activities	(5)	<i>769</i>

24. Cash flows from investing activities

	2020	<i>2019</i>
	£000	<i>£000</i>
Dividends, interest and rents from investments	-	1
Purchase of tangible fixed assets	(180)	(1,928)
Capital grants from DfE Group	216	1,819
Net cash provided by/(used in) investing activities	36	<i>(108)</i>

25. Analysis of cash and cash equivalents

	2020	<i>2019</i>
	£000	<i>£000</i>
Cash in hand	1,161	1,130

26. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	1,130	31	1,161

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Notes to the financial statements
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27. Contingent liabilities and assets

The trust has two contingent liabilities to disclose:

(1) London Borough of Lambeth (LBL). As detailed in note 20, the financial statements include a liability of £2.31m in respect of a debt settlement sum due to LBL for unpaid payroll costs. A signed legal agreement for the value of the unpaid payroll debt has been agreed during 19/20 along with a provisional cost for legal fees. It is expected that any increase in legal fees should not be significant.

LBL have separately claimed for a £929k shortfall in historic pension contributions plus some other costs. Further evidence has been sought and received from LBL throughout the year to confirm how this value has been obtained. The Trust are now aware this relates to an assessment of the Pension Fund Actuary from 2016. However, the nature of the assessment unfairly disadvantages the Trust with an abnormal expectation of repayment of pension benefits over a 7 year period. This is at odds with other pension funds and is in fact the only pension fund out of 4 across the Trust to adopt this approach. This has been discussed with the ESFA and they agree that this is unreasonable and have written a letter to the Lambeth Pension Fund confirming that in the event of PLT being unable to pay past pension deficits, these would be underwritten by the ESFA. The ESFA have also confirm their agreement with PLT's approach of challenging the current repayment terms so that they are extended over a longer period and therefore made more affordable and the past shortfall would be reduced.

In addition to the above, the Trust has filed a counterclaim relating to unpaid commission invoices from a number of years ago. Discussions are ongoing with LBL to agree the value of the counterclaim, which is itself a contingent asset; and although the value has not yet been fully quantified would amount to a significant proportion of the £929k pension shortfall claimed by LBL.

(2) Term time only workers' annual leave for its Kent-based academy, Inspire Academy. During the year certain trades unions began looking at potentially making claims against Kent based education employers regarding the calculation of term time only workers' annual leave. This is on the back of settlements they have made in other local authorities for their members regarding changing the calculation and back pay. There could be a potential impact on the academy trust as it has one Kent-based academy, Inspire Academy.

Whilst the academy trust is free to set its own pay rates, in common with most academies it closely follows the local authority scales. The Kent County Council (KCC) 'Kent Scheme' Pay Scales were amended from 1 April 2020 following a change to the way leave for term time only staff is calculated and the trust has followed by altering its own approach. KCC has received representations that there is a wish to make a settlement on back pay as the unions believe their members have been historically underpaid. KCC is resisting making any collective settlement and is encouraging individual employer schools and academies to do likewise.

The unions are attempting to bring the issue to their members and encouraging them to make a claim in the Employment Tribunal. If this is successful the trust may be liable. At the date of approval of these financial statements it is unclear (i) whether a back settlement liability may exist, (ii) if does how many years back this may go, and (iii) whether the liability or share of the liability would sit with KCC.

28. Capital commitments

	2020	<i>2019</i>
	£000	<i>£000</i>
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	50	-
	<u>50</u>	<u>-</u>

29. Pension commitments

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. The LGPS is a national pension scheme which is administered through numerous local pension funds. Due to the location of the trust's academies, the four administering Local Authorities are Kent County Council, Essex County Council, London Borough of Lambeth and London Borough of Sutton. Both the TPS and LGPS are multi-employer defined benefit schemes.

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29. Pension commitments (continued)

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £149,000 were payable to the schemes at 31 August 2020 (2019 - £153,000) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £1,003,000 (2019 - £744,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £811,000 (2019 - £874,000), of which employer's contributions totalled £648,000 (2019 - £698,000) and employees' contributions totalled £ 163,000 (2019 - £176,000). The agreed contribution rates for future years are set until April 2023 for employers and employees.

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

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29. Pension commitments (continued)

Principal actuarial assumptions

	2020	<i>2019</i>
	%	%
Rate of increase in salaries	3.15	3.45
Rate of increase for pensions in payment/inflation	2.25	2.25
Discount rate for scheme liabilities	1.60	1.90
Inflation assumption (CPI)	2.25	2.25

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

	2020	<i>2019</i>
	Years	Years
Retiring today		
Males	21.7	21.9
Females	23.9	23.9
Retiring in 20 years		
Males	23.1	23.5
Females	25.3	25.6

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

	2020	<i>2019</i>
	£000	£000
Equities	4,996	4,767
Gilts	1,326	1,270
Corporate bonds	406	335
Property	833	797
Cash and other liquid assets	304	146
Other	543	422
Total market value of assets	8,408	<i>7,737</i>

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29. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
Current service cost	(1,075)	<i>(963)</i>
Past service cost	(36)	<i>(157)</i>
Interest income	149	<i>177</i>
Interest cost	(356)	<i>(394)</i>
Administrative expenses	(4)	<i>(2)</i>
Liability transferred in on existing academies joining the trust	-	<i>(1,676)</i>
Total amount recognised in the Statement of financial activities	(1,322)	<i>(3,015)</i>

Changes in the present value of the defined benefit obligations were as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
At 1 September	18,912	<i>11,707</i>
Transferred in on existing academies joining the trust	-	<i>3,197</i>
Current service cost	1,075	<i>963</i>
Interest cost	356	<i>394</i>
Employee contributions	163	<i>176</i>
Actuarial losses	560	<i>2,413</i>
Benefits paid	(510)	<i>(95)</i>
Past service costs	36	<i>157</i>
At 31 August	20,592	<i>18,912</i>

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
At 1 September	7,737	<i>4,887</i>
Transferred in on existing academies joining the trust	-	<i>1,521</i>
Interest income	149	<i>177</i>
Actuarial gains	225	<i>375</i>
Employer contributions	648	<i>698</i>
Employee contributions	163	<i>176</i>
Benefits paid	(510)	<i>(95)</i>
Administration expenses	(4)	<i>(2)</i>
At 31 August	8,408	<i>7,737</i>

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30. Operating lease commitments

At 31 August 2020 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
Not later than 1 year	38	<i>10</i>
Later than 1 year and not later than 5 years	30	<i>3</i>
	<u>68</u>	<u><i>13</i></u>

31. Members' liability

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

32. Controlling party

The academy trust is run by the senior management team on a day to day basis. Strategic decisions are made by the directors. There is no ultimate controlling party.

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33. Related party transactions

Owing to the nature of the academy trust and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place during the year:

Expenditure related party transactions:

(1) John Wotherspoon Education and Training Consultancy (JWETC)

John Wotherspoon is a local governor at the Essex and Southend based academies in the trust:

- The academy trust incurred a total cost of £4,062 (2019 - £12,912) in transactions with JWETC. The costs relate to education quality assurance visits and support.
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Wotherspoon neither participated in, nor influenced.
- The element above £2,500 has been provided 'at no more than cost'. The supplier has provided a statement of assurance confirming this, although this was not received in advance of entering into the arrangement. An appropriate statement has now been received retrospectively.
- The transaction was not reported to the ESFA in advance.

(2) Employment of close family members:

Under FRS 102 the close family of members or trustees of the academy trust, or of key management personnel, are deemed to be related parties.

During the year the following close family members of such individuals were employed by the trust and paid a salary under an employment contract for their individual roles:

R. Ashkettle, the brother-in-law of the CEO, Mr. M. Jordan, is employed as an Estates Manager.

The relevant connected individual had no involvement in the appointment of their close family member and the Board of Directors are comfortable that each salary provides value for money and is not at a preferential rate.

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34. Boarding trading account

	2020	2020	<i>2019</i>	<i>2019</i>
	£000	£000	<i>£000</i>	<i>£000</i>
Income				
Direct income				
Grants	467		842	
Total income		467		842
Expenditure				
Direct expenditure				
Direct staff costs	352		482	
Educational supplies	4		109	
Total direct expenditure	356		591	
Other expenditure				
Support staff costs	59		81	
Premises costs	12		46	
Other support costs	8		17	
Total other expenditure	79		144	
Total expenditure		435		735
Surplus from all sources		32		107
Boarding activities balances at 1 September 2019		738		631
Boarding activities balances at 31 August 2020		770		738