

**Parallel Learning Trust
(A Company Limited by Guarantee)**

**Consolidated Report and Financial Statements
Year ended 31 August 2016**

**Company Registration Number:
08605705 (England and Wales)**

Parallel Learning Trust

Contents

Item	Page
Reference and Administrative Details	3
Directors' Report	4 - 18
Governance Statement	19 - 22
Statement on Regularity, Propriety and Compliance	23
Statement of Directors' Responsibilities	24
Independent Auditor's Report on the Financial Statements	25 - 26
Independent Reporting Accountant's Report on Regularity	27 - 28
Consolidated Statement of Financial Activities incorporating Income & Expenditure Account	29
Balance Sheet	30
Consolidated Statement of Cash Flows	31
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	32 - 37
Other Notes to the Financial Statements	38 - 57

Parallel Learning Trust Reference and Administrative Details

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS

Founding members	R F Pugh M Ward V M D C Da Silva
Directors	R A Neal (Chair) R Leonard V M D C Da Silva (resigned 29/03/2016) M Martell R Newlove R F Pugh A Smith M Ward
Company Secretary	M B Connolly (appointed on 6/10/15 and resigned on 31/08/2016) Geldards LLP (resigned on 30/09/2015)
Senior Management Team:	
▪ Chief Executive Officer	R Leonard
▪ Finance Director	M Ali
▪ HR and Commercial Director	K Ronan (resigned 15/9/2016)
▪ Interim CEO/Director of Special and Alternative Academies	M Jordan (appointment 6/6/16)
▪ Director Primary Academies	L Ellis (appointed 15/08/2016)
Company Name	Parallel Learning Trust
Principal and Registered Office	Park Campus Academy
Company Registration Number	Gipsy Road, West Norwood London, SE27 9NP 08605705 (England and Wales)
Independent Auditor	CTMP Accountants Limited Chartered Accountants 838 Wickham Road Croydon, CR0 8ED
Bankers	Lloyds Bank Plc George Street Croydon, CR9 2NS
Solicitors	Geldards LLP Enterprise House 1-2 Hatfieldsggh London, SE1 9PG

Parallel Learning Trust

Directors' Report

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 2015 to 31 August 2016. 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 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: Subject to ministerial approval, the Trust should convert its first 'sponsored academy' in April 2016 and a further two in September 2016.

The Parallel Learning Trust aims to work in partnership with a range of bodies; since July 2015 School Improvement support has been provided, on a consultancy basis, to Caldecott SEMH special school in Ashford, Kent

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 indemnity insurance, up to £2,000,000, purchased at the Trust's expense, 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 unsuccessful 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

Parallel Learning Trust

Directors' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Directors

Potential directors are recruited through:

- Recommendation
- Referral from a recruiting organization
- 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 meet with two representatives of the Board 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 the 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 elected at a board meeting and the 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
- Employment Law
- Financial management
- Diversity and Equal Opportunities

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

Parallel Learning Trust

Directors' Report (continued)

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

Organisational Structure

The organisational structure consists of three levels

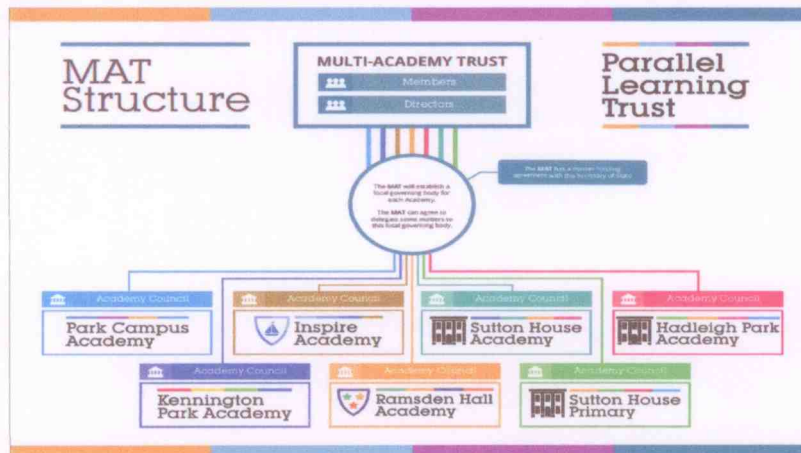
- Board of Directors
- Executive Leadership Team
- Local Governing Body

The Executive Leadership Team consists of the Chief Executive, Principals of each academy, the Inclusion Manager, Commercial Director and Finance Director. 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.



Parallel Learning Trust, MAT Structure August 2016

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.

The CEO, as the principal manager for the schools, is responsible for the internal organization, management and control of the schools; for advising the Trust Board members and implementing 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.

Parallel Learning Trust

Directors' Report (continued)

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 schools
- The responsibility of the EHT for the internal organisation, management and control of schools
- 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 Including 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) Audit d) Staffing Overview
- 3 Pay Sub Committee
- 4 Local Governing Body

The above committee structure will be reviewed annually.

Local Governing Bodies

The Terms of Reference for all LAC committees are provided in the Terms of Reference Continuation Handbook (ToRCH)

The following are required sub committees of the LAC:

- The Family Committee
- The Admissions and Reintegration Committee (these responsibilities will be carried out by 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

In order to bring transparency and clarity, the Trust has incorporated wholly owned subsidiary, Logic Schools Services C.I.C, to provide central services to both academies from 01 September 2014 onwards. The subsidiary is included in the balance sheet at cost.

There are no related party transactions for the period.

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 provision Academies'); and
- Schools specifically organised to make special education provision for pupils with Special Educational Needs ('the Special Academies').

Parallel Learning Trust Directors' Report (continued)

Objectives, Strategies and Activities

The Strategic Objectives are summarised as follows:

- 1 To build a 'family' of outstanding cross-phase Academies that provide the best possible outcomes for children
 - Successful sponsorship of at least 3 school provisions in 2015-16
 - Successfully building capacity to sponsor other schools ahead of need
- 2 Continue to build transferable leadership and infrastructure models for the successful delivery of learning in existing and new sponsored academies
 - Successful leadership models are shared across Academies to promote outstanding teaching and learning
 - Core services are delivered across Academies, freeing school leaders to focus on delivering outstanding teaching and learning
- 3 To generate income through the trading of services, to include knowledge, resources, training, support and core infrastructure services to other schools and organisations
 - Logic Schools Services (wholly owned Community Interest Company of the Trust) develops a robust and deliverable Business plan to generate income through traded services
 - The CIC generated additional savings of £364K during the 2nd trading year from internal and external sources.

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 judgments
- 2 Tracking of pupil progress
- 3 Monitoring of marking and presentation

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 of 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.

Parallel Learning Trust Directors' Report (continued)

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 (1)					
	Overall effectiveness	Effectiveness of leadership and management	Quality of teaching, learning and assessment	Personal development, behaviour and welfare	Outcomes for pupils	Overall effectiveness at previous inspection
Ramsden Hall	2	2	2	2	2	4
Seabrook 1	4	3	3	4	4	3
Seabrook 2	4	3	3	4	4	3
Inspire	4	3	3	3	3	3
Kennington	1	1	1	1	1	2
Park Campus	2	2	2	2	1	2

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

As a summary, this information requires very little context setting as all of our sponsor projects have been through two levels of Board approval and the due diligence risk assessments presented.

However, all projects in 2015-2016 have been 'fully sponsored', which in reality means they are schools put into the category of inadequate at their last inspection. This was true for Ramsden Hall (2014) and Inspire (January 2016) and for Seabrook College also the case, until Ofsted retracted the report due to a technical fault with the inspection (Jan 2016) which led to the Inadequate (4) judgement being rescinded and the previous judgement (March 2014) of Requires Improvement (3) being re-instated.

Our work with the schools and Interim Executive Board's (IEB's), currently at Seabrook until conversion and at Ramsden Hall between September 2015 and the conversion date 1 April 2016, have led to significant improvements as illustrated by two inspections at Ramsden Hall.

It is worth summarising the current status of each setting:

Ramsden Hall Academy

The inspection of both education day provision and residential care were judged to be Good.

Since conversion on 1 April 2016 standards and School Improvement Planning have been monitored by a PLT Advisory Board with a focussed remit on standards of teaching, learning and assessment. The Advisory Board meeting frequency has been agreed to follow a 2:1:1 schedule in the next academic year and revert to a LGB/Strategic Hub model from March/April 2017.

Significant HR matters have been addressed:

- Substantive Principal Appointment (22 March 2016)
- Substantive SLT Appointments (Early April 2016)

Finance systems are fully operational and closure of transferring balances with Essex County Council has been concluded.

Ramsden hall continues to make progress and is collaborating in all Trust wide leadership initiatives, including 'Developing a Behavioural Competency Tracker', the use of PLT's new data portal 'Perspectives' (which enables all Management Information to be stored in one location).

The Principal Gary Walker has engaged in Trust training initiatives and hosted a workshop at the academy, supporting colleagues from all PLT academies in developing a Behavioural Competency Tracker.

Parallel Learning Trust

Directors' Report (continued)

Curriculum planning was concluded well in advance of the new academic year and has enabled the expansion of pupil places agreed at conversion, with the introduction of 8 number additional Year 6 students. Pupil numbers have risen steadily to 84 and the executive continues to work with the school leadership to ensure the staffing structure reflects the curriculum and the needs of the students. In addition, the school must assimilate the core systems of the Trust to further embed good practice, building upon the recent improvements made.

Priority Schools Building Programme Two (PSB2) is currently being scoped by the Education Funding Agency (EFA) and we envisage new build additions to both residential and education provision will get full approval early in 2017. The conversion 'environment grant' build project funded by DfE was completed for the start of the new academic year and provides additional play space for the students and a formal landscaped link between the main house and the teaching block.

Inspire Academy

The Trust received an Academy order for Inspire Academy to join the Trust in January 2016 with effect from 1st April 2016. Inspire Academy is a SEMH Special Academy for secondary aged students that was consistently graded as Inadequate by an EFA Consultant in 4 visits over a 2 ½ year period, furthermore, the provision was inspected by Ofsted in January 2016 and graded as Inadequate in all areas.

Currently the Academy works with up to 40 secondary-age students who have an Educational Health Care Plan (EHC Plan) for Social Emotional and Mental Health (SEMH) issues. It has a significantly dwindling roll which at the end of the summer term had fallen to 12 students as a result of Medway LA stopping referrals due to a lack of confidence and the need to move some students that were incorrectly placed due to complexity of need. There has been a significant number of structural changes made since the re-brokerage of the free school to the Trust, including the departure of the Principal, and re-shaping of the leadership and teaching teams.

The Executive Principal is currently on site 3 days a week overseeing a rapid change agenda. On 11th October 2016 the school received its first HMI monitoring visit and is judged to have made rapid progress since the free school joined the Trust with excellent progress made in each of the four inspection criteria. The aim is to move the provision out of a category at the next visit which is likely to be in the Spring term 2017. The priority is to improve the quality of outcomes for students through increasing the quality of teaching, learning and assessment.

The CEO and Executive Principal held a series of meetings with senior Medway commissioners throughout August and September 2016 to make professionals aware key changes and the rapid progress in moving the provision forward which has resulted in the school increasing the roll to 25 students evidencing a renewed confidence in the provision and the Trust's capability in school improvement.

Effectiveness of leadership and management

Since conversion, additional leadership resource and structure has been delivered, detailing specific strategic and operational responsibilities. A delegated management structure is in place and a refined 'post Ofsted plan' in place with measureable success criteria and key milestones monitored by a RAG system weekly. An Advisory Board (AB) is in place, chaired by an experienced school improvement consultant (Alastair Wilson). The AB will monitor and hold the leadership team to account on all aspects of the improvement plan and standards across the academy.

As a new start Free School (September 2014) there is an assigned EFA education advisor and positive communication has been re-established with her in the run up to her last inspection and the first by Ofsted HMI, anticipated before the October 2016 half term.

Quality of teaching, learning and assessment

New curriculum plans are now in place for short, medium and long term planning by teachers. There is a clear focus on teaching and learning and the impact is being measured via 'learning walks' and classroom observations; a schedule of observations is in place and all staff will have been seen by 1 July 2016. The observation judgements by the senior leadership of the school are quality assured by the Executive Principal at regular intervals.

New curricular themes have been agreed for each half term and INSET clinics focussed on improving the effectiveness bi-weekly to the end of the Summer term: A new T & L handbook is being drafted for the end of term.

Personal development, behaviour and welfare

As with all our academies, staff from Inspire have participated in the Trust workshops to develop a Behaviour Competency Tracker. The Behaviour Policy review will be complete and a new policy implemented before the end of term 6 and each student now has a personalised behaviour management plan and communication passport. Incidents of negative behaviour have reduced term on term (541; 485; 252) and Physical Interventions have reduced significantly from a pre-conversion figure of 86 (Spring 2016) to current total of 6 to date.

We have refined the monitoring of attendance with a new system, put action plans in place for each student with the result that 66% of students improved their attendance in Term 5 over the previous term. Whole school attendance in 2014-15 was recorded to be 70.2% and the current attendance is now 75.1%.

Since April 2016 we have reviewed all data and tracking systems and installed our preferred system iTracker. All KS3 & 4 data has been uploaded to iTracker which has facilitated the leadership team to put in place analysis and reporting. A new schedule for data collection has been established and training in the use of iTracker delivered to all staff. Once agreed baseline testing is put in place in September the senior team will be able to track, monitor and report student's progress from their starting points. The Executive Principal is working with the iTracker team to design personalised learning statements to target set and report on student attainment. It is hoped that this will be available from the start of the new academic year.

Parallel Learning Trust Directors' Report (continued)

New build and refurbishment/remodelling

The New build programme agreed at the launch of the Inspire Free School (September 2014) stalled completely. Since the re-brokerage to the Trust senior personnel have worked with colleagues from the EFA and the appointed contractor Interserve to re-define the works and get the project underway. The executive have re-worked the build programme with the EFA project team to ensure the new build can proceed in level or re-built to a 'fit for purpose' design.

A proposed final scheme should be available for the Trust Board to approve early in 2017.

Kennington Park

Well established routines for quality assurance confirm that school improvement continues to impact positively on the outcomes for pupils.

Leadership and Management

- Leaders and staff have created a culture that allows all pupils to make the maximum progress they can make.
- The academy fulfils the aims of their Mission Statement consistently and diligently.
- Pupils have better outcomes in all areas on leaving compared to their starting points.
- The curriculum is broad and balanced and the decision to teach a reflection of the National Curriculum supports pupils moving back into mainstream education.
- Senior Leaders have a very good grasp of strengths and areas for further development.
- Reintegration is given a high focus and is planned well.
- Partnerships with outside agencies are very successful and effective.

The quality of teaching, learning and assessment

- All teaching is strong and there is evidence of outstanding teaching
- English and Maths are taught well across the curriculum and pupils are given lots of opportunity to practice these skills
- The vast majority of pupils make very good progress in relation to their starting points and across many areas –including social, emotional and developmental
- Staff know their pupils very well and are able to plan well for their next steps

The quality of personal development, welfare and behaviour

- Pupils have a range of sometimes quite complex needs which are met well by the staff
- All pupils have better attendance than at their previous school placements
- Pupils learn to better manage their SEMH needs and all have made progress in this area by the time they leave
- Staff support the pupils very well to ensure that minimum learning time is lost due to episodes of inappropriate behaviour

Outcomes for pupils

- Pupils are assessed consistently in a range of areas and analysis shows that at least good progress is made by the vast majority of students.
- The very good support given by the reintegration team ensures that reintegration is carried out in a highly structured, well-planned and carefully reviewed way.
- Attendance for a PRU is relatively high –therefore we believe that students enjoy attending.
- Feedback from parents/carers is positive regarding all aspects of progress.

2017 and that existing buildings are either re-furnished to an appropriate. The new build has significantly restricted capacity (40) over the duration and the hold up to works starting has meant that the practical completion will not happen until mid-late July 2016. However, the Academy has now successfully transferred into its new build facility and has had to work within the initial limitations of available space, which meant numbers were capped at 40, limiting the income stream. The new build is fit for purpose and provides 21st Century accommodation for the Primary Alternative Provision students with the aim of re-establishing the nurture room together with opportunities such as "Let's Get Cooking" with parents and the reopening of the library. The Principal and all staff have worked exceptionally hard to manage the impact of the noise and disturbance on pupils throughout the building programme. Pupils and staff commented that they are pleased with the building to date.

The curriculum has also been refined and the "Moving Matters" coach has mapped the PE curriculum, linking it to pupils' emotional health and wellbeing. The curriculum covers social skills, winning and losing and engages pupils to be fitter. This informs decisions about additional places for swimming and lunchtime clubs such as "Fit Club". Teaching is outstanding, a particular strength of the teaching currently is the focus on greater depth in maths through problems solving. We observed pupils challenged as they worked out which mathematical function to use in order to be able to solve problems. Work was well planned and resourced. The competitive aspects appealed well to the significant number of boys attending the academy. Questioning is strong and encourages pupils to develop their ideas. Cooperative learning structures are used effectively so that activities and tasks engage and motivate pupils.

The senior team, led by the Principal know the strengths and weaknesses of the academy very well. There is a very clear vision articulated by the principal and her senior team to assess better pupils' needs so that resources can be targeted to vulnerable pupils, to teach the academic gaps and gain the trust of parents. The range of interventions available. These include reading and comprehension programmes, Lexia, play therapy, and Oval House drama. The interventions are many and varied and are designed to meet the individual needs of pupils. A significant achievement was the achievement of the Inclusion Quality Mark following assessment in July 2016. This was a fitting way to conclude another successful year and is testament to the high quality work consistently happening across the Academy.

Park Campus

This academic year has presented the leadership team with significant successes and challenges.

Over the course of 2015-16, the Park Campus Academy has received both the PiXL Outstanding Achievement Award for the third year running as well as being national runners up in the AP and Special School category of the Pupil Premium Awards. These successes will hopefully be mirrored by those of our current year 11 students who are in the process of sitting their GCSE exams, the final exam being GCSE statistics on the 2th June 2016. Year 11 students will however, continue to attend Park Campus Academy until the end of term to ensure that they maximise all potential opportunities to achieve qualifications before they leave us.

The challenges for 2015-16 have been significant in relation to the safeguarding. Gang tensions and gang related violence has been an overwhelming feature of our pupil cohort this year and has also been prevalent across the Lambeth School Community. Staff have worked exceptionally hard this year working with young people, their families, the police and a range of partner agencies, to ensure that the Park Campus Academy remains a safe place to learn.

Parallel Learning Trust Directors' Report (continued)

Safeguarding our students in relation to Sexual Exploitation has required significant ongoing intervention and support and due to the particularly vulnerable nature of the pupil cohort. The Senior Leadership Team hold monthly meetings with the Child Sexual Exploitation lead for the Local Authority to review cases, identify additional support for children and families and to further develop support and training for staff.

School Development

To further develop the progress made by students in Key Stage 3, plans are in place to deliver a primary based curriculum model at KS3, primary skilled teaching staff have been recruited to the 2 vacant teaching posts in KS3 and current practitioners will be supported to further develop practice in relation to the primary model.

Teaching and Learning

The quality of teaching and learning remains very strong across the school with 3 staff members successfully completing the 'From Good to Outstanding' Teacher Intervention programme delivered by our partner organisation OSIRIS this year. Two members of teaching staff who required additional support to achieve the required standard for teaching within the academy have chosen to leave this year and new appointments in relation to the primary delivery model are strong. One member of staff is currently being supported through teacher training.

Outcomes for Pupils

The school continues to perform very well particularly in relation to attainment at Key Stage 4 although a direct comparison, on the surface may show a slight decrease in attainment. Analysis shows that results were lower for a number of reasons – the cohort was smaller, each student percentage input was greater. The group was also less able. A number of more able students were unable to complete the course due to external factors.

- In 2016 - 14% students achieved 5A*-C including English and maths, 32% gained 5A* - C grades

- In 2015 - 24% of pupils achieved 5A* - C including English and maths, 59% gained 5A* - C grades.

Progress was at least good and for some students outstanding. Students continue to gain the best possible range and grade of qualifications and were National Runners up for the PiXL Pupil Premium Award that recognises progress made by disadvantaged young people. Attainment for pupils at Park Campus Academy is among or the highest nationally for AP Schools, well above DfE reported national figures and among the highest of attainment focused PRU's (AP settings) in the Partners in Excellence (PiXL network of 50+ PRU's). The challenge for the coming year will be to maintain the high standards set in the face of increasingly challenging qualification frameworks. Progression at the end of KS4 was also very positive with 100% of Year 11 students securing progression into further education, employment or training.

Progress lower down the school is consistent with the good to outstanding teaching throughout and the data clearly demonstrates that pupils with better than 70% attendance make expected or exceed expected progress. Clearly the challenge is as always with this vulnerable group to ensure all possible intervention relating to attendance is quickly and effectively deployed.

Personal development, behaviour and welfare

More support than ever before has been targeted at learners unable to attend the Park Campus Academy main site and outcomes for his cohort of young people is due to be much improved on previous years in relation to access to qualifications and the Passport to Employability programme is on track to produce strong outcomes for young people. The group of learners placed off site does however, need to continue to have the highest level of support as the Academy moves forward as these are often some of our most vulnerable young people.

Transition arrangements for all young people across the Academy are very strong with the significant majority of leavers already securing post 16 provision, however, 2 young people are currently listed as missing persons and everything is being done to support police and social care in locating these young people and secure appropriate education provision going forward.

Leadership and Management

The leadership team ensures that the whole school keenly tracks the progress of both individuals and groups ensuring targeted support and intervention is delivered both quickly and effectively. The school works effectively to ensure that year 11 students, many of whom join the school during year 11, maximise their potential learning time and ensure relevant meaningful qualifications are gained. The school significantly extends the final date for Year 11 leaving in some cases to early August with students attending classes during the summer holiday.

In the vast majority of cases student's Attendance and behavior is significantly better in comparison to their previous setting, as a result the attendance is higher than the National average for an Alternative Provision setting. Safeguarding systems are judged to be outstanding by the school and students are immersed in a support structure that caters not just for the academic but holistic development of young people.

The provision's monitoring of the quality of teaching involves informal classroom visits and formal lesson observations. The senior team leads this process with all staff engaging in the process of joint observation. Members of the Local Academy Council provide excellent support and challenge for the management team. They take well-considered action when interventions are necessary and rigorously hold leaders to account for the provision's performance. Through visits and interviews with staff, they are well informed about the quality of teaching; are aware of how pupil premium is directed and monitored to make sure that individual learners are supported and helped in lessons.

Following the departure of the principal at the end of the summer term and the Executive Leadership team acted swiftly to ensure consistency going into a year where a Ofsted inspection is highly likely by appointing the Vice Principal to the post of Principal. The Principal will be professionally supported by the Executive Principal in improving the performance of the provision.

Seabrook College

The conversion date for Seabrook College has now been pushed back to 1 February 2017 due to matters relating to the ownership and disposal of the school property between Southend Borough Council, Legra Academy Trust and the DfE. The new schedule for this conversion date is as follows:

Key dates for schools converting to academy status on 1 February 2017

Schools open as an academy on the first day of the month. In order to open on the chosen month, all the necessary paperwork associated with the conversion must be completed in the previous month.

In order to achieve this, the table below sets out the key dates for schools planning to convert on 1 February 2017. The table indicates the final dates for documents and other information to be sent to your Department for Education project lead and the Education Funding Agency (EFA) in order to ensure your opening on 1 February 2017. If these deadlines are not met whilst we will always do our best, we cannot guarantee your school will be able to convert on 1 February 2017.

Please note that the model documents have been developed with advice from the Department's legal advisers and the Charities Commission. They have also been adapted over time based on our experience of helping schools become academies. They should be suitable for all schools converting to academy status. We do not expect changes to these documents and any changes do risk delaying your conversion.

Parallel Learning Trust Directors' Report (continued)

Actions for schools to complete

There are a range of actions that schools must complete prior to conversion. You will have already started many of these earlier in the process. They are:

- TUPE
- Consultation
- Any shared use agreements must be approved by the DfE and set up with the academy trust
- Any loans must be approved by the DfE and transferred to the academy trust
- Land arrangements must be agreed by the DfE. Land issues can often be tricky, time consuming to resolve and cause delays to conversion so we suggest that you prioritise these for early work.

In some conversions, even where the deadlines have been met, complex issues (particularly for schools which have PFI contracts) can arise which need to be resolved prior to conversion date. If you have any questions about what action you should be taking, by when, please see the guidance on the <http://www.gov.uk/dfe> website or speak to your project lead.

The key dates are shown below:

Date	Event
Friday 2 December	<p>Final fully completed versions of the following documents to be sent to your DfE project lead</p> <ul style="list-style-type: none"> - A fully completed land questionnaire, including site plan for the academy. <p>Partially completed land questionnaires will be returned to solicitors and the deadline not met unless re-submitted by this date.</p> <ul style="list-style-type: none"> - Draft memorandum and articles of association. - Draft funding agreement(s) and annexes. <p>Please note: no changes should be made to the text of documents once they are cleared by the Department.</p> <p>In addition, and where applicable</p> <ul style="list-style-type: none"> - Final draft of any leases/sub-leases which the academy trust plans to issue. This is where post-conversion an academy trust holding a freehold or leasehold interest in land intends to issue a lease or sublease to a third party tenant. This is not the 125 year lease from the LA to the academy trust.
Friday 6 January	<p>Written confirmation (via email) to your DfE project lead that:</p> <ul style="list-style-type: none"> - The Commercial Transfer Agreement (CTA) has been agreed along with responses to key questions from your DfE project lead. - The main terms of any leases have been agreed (125 year lease from LA to academy trust), including any sub-leases that the academy trust intends to issue.
Friday 6 January	<p>Submit to your DfE project lead:</p> <ul style="list-style-type: none"> - 2 paper copies of DfE approved and signed but not dated funding agreements, memorandum and articles of association, any supplemental agreements or supplemental funding agreements. <p>Please note no changes should be made to the DfE approved text.</p> <ul style="list-style-type: none"> - confirmation that leases and sub-leases have been signed by all parties. - Confirmation that the CTA has been signed by all parties.
Wednesday 18 January	<p>Send the academy's bank details to EFA using the form provided and copied to your DfE project lead. This is essential so that the EFA can set up the mechanism to fund the academy once it has converted.</p>

PLT have provided the leadership to run the 'college' between early April 2016 to date and have well thought through action plans to cover a phased re-development of the proposed new site. Rapid transformation of the learning environment is evident

Whilst the Alternative Provision (AP) and the SEMH provision are together, it is very hard to form an accurate judgement on standards in each Ofsted category. It was this lack of separation that 'forced' Ofsted to withdraw the January inspection Report that was judged Inadequate Overall and to revert to the previous judgement of 'Requires Improvement'.

In creating two new schools, new academy names have been developed and agreed with key Stakeholders. They are as follows:

- Sutton House Special Academy
- Victory Park AP Academy

Parallel Learning Trust Directors' Report (continued)

The brand identity of Parallel Learning Trust is reflected in the schools' new logo's as illustrated below:

PLT Growth as a sponsor MAT

The Executive Leadership Team supported by the PLT Board has over this academic year fulfilled its growth plans of bringing three (four as Seabrook College, Southend, is made up of two separate school Unique Reference Numbers) new academies into the Trust.

Although PLT's sponsor categories incorporate mainstream primary, the growth plans this year, have focussed on Special and AP creating the following Academy settings within the Trust:

Academy	Designation	NOR/PAN	Ofsted	Principal	Hub/Region/LA
Ramsden Hall	Residential Special (SEMH) 72/88		Good (School) / Good (Residential)	Gary Walker	Hub 1/NENEL/Essex
Sutton House	Special (SEMH)	Xx/50	R 1	Mick Hore	Hub 1/NENEL/SBC
Victory Park	Alternative (AP)	Xx/75	R 1	Dave Cook	Hub 1/NENEL/SBC
Inspire	Special (SEMH)	37/40 (80)	Inadequate	M Jordan	Hub2/SESL/Medway
Park Campus	Alternative (AP)	87/80 (133)	Good	Joe Blacker	Hub 3/SESL/LBL
Kennington Park	Alternative (AP)	40/50	Good	A Sturman	Hub 3/SESL/LBL

The development of our Multi Academy Trust (MAT) is predicated on building a community around moral purpose and high aspiration. To that end we are now working in four Local Authorities and across two Regional School Commissioner (RSC) areas.

Region	Regional School Commissioner	Local Authorities
South-East England and South London	Dominic Herrington	1. Lambeth 2. Medway
East of England and North-East London	Dr Tim Coulson	3. Southend 4. Essex

Emerging best practice within MAT's is to develop clusters of schools by geographical locality and this 'common sense approach' was previously shared, discussed and agreed with the board in October 2015 and presented subsequently as our growth plan to the RSC.

The Trust's growth strategy was based upon creating 4 geographically agreeable hubs across SESL and EENEL regions.

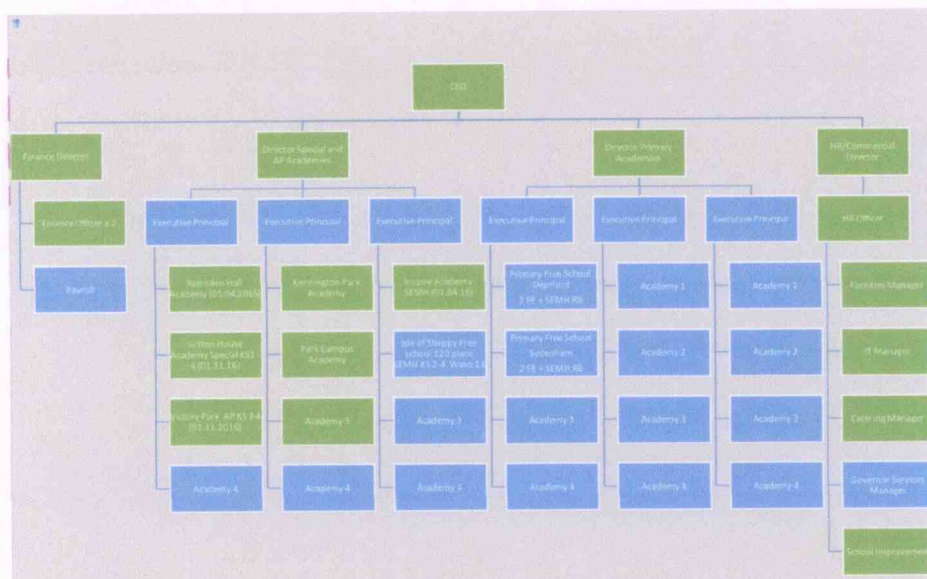
Through local hubs of 3-5 schools it was felt that the Trust could efficiently deliver school improvement support, shared expertise, local CPD, ITT and sustainable recruitment & retention and leadership development, as well as financial efficiencies by reducing the range of 'back office personnel' employed in a single school and replacing that support through shared service provision, delivered by our Community Interest Company (CIC) Logic School Services.

PLT's sponsor status is for Special, Alternative Provision and Primary Academies. The CEO has recruited a Director of Primary Academies with close association with LB Lewisham and following discussions with senior officers in the borough will be working in partnership to submit two primary free school (3 FE) applications to include Resource Base provision for SEMH. We also believe we now have the capacity for one or two converter or sponsor primaries between September 2016 and the completion of pipeline projects in 2018-19.

In addition, we have been invited to meet with Kent commissioners to discuss a special Free School proposed for the Isle of Sheppey, which would also be a future project for 2018-2019.

Parallel Learning Trust Directors' Report (continued)

The following organisational chart clearly illustrates the PLT Sponsor journey to date and is colour coded green where schools and functions have been addressed: Potential future Free School pipeline projects are shown in blue, as are posts which could be required in order to build capacity.



Whilst the MAT's growth plan links directly with expertise within the Trust, there is strong evidence that small Trusts of 1-3 academies may not be able to sustain school improvement and financial viability, regardless of that expertise. However, the MAT's core driver will always be to continue to deliver the best possible educational outcomes for its learners at the same time building the capacity to sponsor and support well, new academies.

I recognise that growth must be measured and sustainable and welcome the 'Growth Readiness Audit' (GRA) introduced by National Schools Commissioner, Sir David Carter which will enable the trust, the RSC and the NSC to assess the capacity and capability of PLT to grow over the next three to five years.

Sir David Carter described the growth thresholds as:

- Starter Trusts – 1-5 schools; Up to 1000-1200 pupils; within single LA/Region
- Established Trusts – 5-15 schools; up to 5000 pupils; more than 1 LA/1 Region
- Regional Trusts – 15-30 schools; approx. 10000-12000 pupils; more than 1 region
- System Trusts – 30+ schools; 12k pupils and beyond and working across the system

The Growth Readiness Audit is proposed to be led by an existing MAT who has been through a similar growth journey; that MAT will then report back to the RSC and NSC. We will therefore be due such an audit.

There will be five components in the Audit:

1. Standards and Track Record of improving schools
2. People and Leadership
3. Governance
4. Financial sustainability
5. Risk Management

Achievement to date and next steps

As a group of schools, we are now well placed to raise standards of education for more young people, through a School Led system.

Since April we have identified and started implementing curriculum and systems that will have a real impact on outcomes for our learners:

- Single Management Information System
- Developed a curriculum at KS 3 which has a primary delivery model and is focussed on year 6,7 and 8 learners
- Moved Year 9 learners into KS4 to increase guided teaching in examination subjects, especially core subjects
- Created a collaborative framework for staff from all our academies to share learning and ideas
- Created opportunities in 2016-2017 for all our academies to access a range of 'central CPD'
- Implemented the introduction of data tracking that supports smart use of data to drive standards and progression for learners both academic progress and progress with behavioural competencies
- Put in place a data dashboard that supports school self-evaluation, manages the range of KPI's we require our Principals to report on, supports 'active' Performance management with all staff using job specific standards
- Planned for the delivery of a school to school review programme (Spring 2017)
- Agreed a date to deliver a PLT education conference (Summer 2017)
- Assigned external school improvement advisors to all our academies (QA)
- Provided core services across all our schools with the exception of the payroll function
- Had conversations with the broader leadership group of Principals about Trust development projects with a view to further distributed leadership eg. Staff welfare; parental engagement; Support Staff CPD; teacher CPD
- A single web platform solution for all academies (launches January 2017)
- Developed a planning format for all levels of school development

Parallel Learning Trust Directors' Report (continued)

Strengthening school systems and performance:

The rapid growth of the Trust has created the difficult challenge of quality assuring a greater number of provisions that were initially using different behaviour management tracking systems and behaviour approaches, different ways of measuring attainment and progress as well as different types of school development plans and self-evaluation formats. There has been a lot of research into what makes an effective Multi-Academy Trust (MAT) and central to this is developing core systems to facilitate standardised reporting and monitoring of provisions across the MAT. During the academic year 2015-16 the CEO identified a range of core systems to facilitate effective reporting of performance across all PLT provisions.

There was a growing need to compare and contrast the performance of all provisions across the Trust so that at a strategic level there is complete transparency about every school's strengths and areas for further development. Given the increased pressures on finance the strategic overview of performance will also inform careful allocation of resources as well as evidence where such resources have had impact which in turn will inform the Trust's future decision making around core services and intervention at a strategic level.

The Trust continues to grow and 2015-16 has seen Ramsden Hall Academy (RHA), a SEMH Residential Special Academy in Essex and Inspire Academy (IA), a SEMH Special Academy in Medway both join PLT. RHA was in Special measures but was re-inspected in March 2016 and classified as Good. IA was judged Inadequate in all 4 of the EFA Consultant visits since September 2014 which was confirmed by an Ofsted Inspection in January 2016. The Trust were approached by the DfE to support the school hence the conversion to PLT in April 2016. This rapid growth and the potential addition of an Alternative Provision and an SEMH setting in Southend also joining has resulted in the need to enhance the Executive Leadership team with the appointment of Mark Jordan (Director of Special Academies and Alternative Provision) from June 2016 and Lucy Ellis (Primary Director) from September 2016. They will both work directly with the CEO and Executive Leadership team providing strategic support to schools.

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 company 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 of accounting, the validity of which, depends on obtaining sufficient funding from the Education Funding Agency ("EFA"), the continued support from the Trust's primary local authority, the London Borough of Lambeth ("LBL") and the Trust's cost reduction programme as further explained in note 1.

Financial Review

Most of the Trust's income is obtained from the EFA and local authorities as top funding from the High Needs Block in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31st August 2016 and the associated expenditure are shown as the restricted funds in the statement of financial activities

The group's financial performance for the year to 31 August 2016 is reported in line with Financial reporting Standard (FRS 102) as directed in Academies Financial Handbook 2016.

Overall group funding increased by 47% to £8,134,000 (2015: £5,546,000), with growth in all areas of educational operation, including building capacity for future expansion. The growth plan, agreed with the RCS would enable PLT to grow to 11 academies by 2017/18 which is a more sustainable model for any academy trust.

The trust is reporting a deficit for the year ended 31 August 2016 of £309,000 mainly due to the following factors:

- Shortfall in Top-up fees for our London based academies (KPA and PCA)
- Discord between investment in a growth strategy and an eight-month delay on the conversion of two schools
- Delay's in capital building works (Kennington and Medway) resulting in loss of fee income
- Impact of support on external partners

The grants received from the EFA during the year ended 31st August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities. The percentage of the total funding from the EFA and Local Authority commissioners is 91% of the total funding, the use of which is restricted to particular purposes.

The group's balance sheet continues to strengthen, driven by an increase in un-restricted reserves from the conversion of two schools and the additional asset values of buildings, transferred to the Trust upon conversion/re-brokerage

Increase in non-current assets are the principal changes in the balance sheet from the last year. However, the current year's performance has resulted in negative impact on reserve. In order to respond quickly to reduce the cost and increase the reserve the trust has taken number of measures to reduce the current deficit.

Going into the new financial year in September 2015 the Trust expected to achieve a revision of top-up fees for both Kennington Park Academy and Park Campus Academy. Numerous attempts were made to engage LA officers in a review of funding for our AP settings in line with the completed reviews of its maintained special schools. The maintained group of special schools received a 12% uplift in fees from 1 April 2015.

In addition, the approach to commissioning of pupil places in AP by LBL has resulted in a significant reduction to the two schools' ability to generate income. The approach taken by LBL has been to:

- Refuse to commission placements for children with Statements or EHCP's
- Directly refer children missing school (CME) into third sector and other placements
- Use 'managed transfers' into our AP settings as a strategy to reduce fixed and permanent exclusion, resulting in lower amounts of school based commissioning directly with our academies

Analysis of year on year income for these two schools is significant:

Years	2015-16	2014-15	2013-14	Reduction in income
Direct Schools Commissioning (Early Intervention)	£300k	£244k	£559k	£259k
Commissioned places with Statement of SEN/EHCP				

Parallel Learning Trust

Directors' Report (continued)

The income stream for our Lambeth settings was used by the LA as part of the formula to calculate the current Top-Up figure of £8.5k in 2013, which has not been subject to review since then.

In order to sustain the high-quality education delivery at both Academies, where pupil needs are growing increasingly complex and inflationary inputs have not been considered since April 2013 the Top-Up fees needed to be increased from £8,500 to £10,773.

We also believe that there is a strong case to move to a banded fee system with three rates for top-up:

- To accommodate A category needs pupil - £10,773
- To accommodate band B, C, D category needs pupils - £12,000
- To accommodate band E category needs pupil - £13,500

The proposed basic change in top-up would have increased funding by £294k, thereby reducing the actual deficit to £12k.

The ongoing behaviour by LA commissioners in LBL has had a negative effect on cash flow since conversion and therefore the trust is seeking cash advance and deficit funding of £1.558m from the EFA.

In addition, Lambeth published HNFB allocations in its 'Schools forum' papers which confirmed a higher rate Top-Up for both KPA and PCA of £9,956, which although not at the financial level the Trust requires going forward, was a 7.3% uplift: The budgets set for 2015-16 were predicated on this published figure.

Pension deficit

The Trust operates across the following Local Authorities:

- London Borough of Lambeth
- Essex County Council
- Medway Council

The total Pensions deficit across PLT schools is £2.361m, of which £1.675m (71%) is attributable to Lambeth LGPS for just two of our four academies. There are no concerns about the deficit positions in Essex, Southend or Medway, however, the position in Lambeth is still of concern.

The Lambeth LGPS

We are now 29 months post conversion and are now in receipt of the actuarial assessment for the Local Government Pensions Scheme (LGPS). Whilst the Directors were lead to believe last year that there was no deficit on conversion based on representation made to them by Lambeth Council, the actuarial valuation performed by the local authority's appointed actuaries, Messrs Hymans Robertson, presents a deficit of £1.9m at the date of conversion.

This is to be recovered over a period of 9 years and according to the actuarial report the pension contribution by employer is to be increased by additional 22.4% taking it to 40.2%. This will have an adverse impact on the trust's cash flow.

The executive has requested a review of the calculation because they believe the assessment has not necessarily been completed using full and accurate data. Even though the management intends to challenge the assessment, we intend to provide for this deficit in full in the accounts. In particular, the directors believe the assets notionally allocated to the trust at commencement is flawed. If this issue cannot be resolved satisfactorily between the local authority and the trust, the executive management team will approach the EFA for further guidance on this matter.

Reserves Policy

The Directors will review the potential reserve levels of the trust annually. This review encompasses the nature of their income and expenditure streams, the need to match income commitments and the nature of reserves. The Directors have determined that a £400,000 level of free reserve should be built up over the next three years. 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 the future innovation and development projects.

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.

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.

Principal Risks and Uncertainties

Risks are prioritized using a consistent scoring system.

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

Parallel Learning Trust

Directors' Report (continued)

Government funding

The Trust has considerable reliance on continued government funding through the EFA and Top Up Funding from Local Authorities. In the accounting period 99% 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.

This risk is mitigated in a number of ways:

- Reviewing the current staffing structure in line with the current fees
- Strict budgetary controls to ensure all academies breakeven if not generating surplus
- Review the overall cost structure for each of our settings to negotiate right level of top-up fee with our
- Sharing resources to reach a minimum saving target level

The financial statement reports the share of the pension scheme deficit on the Trust's balance sheet in line with requirement of FRS17.

Plans for Future Periods

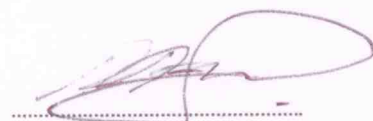
- 1 Develop the profile of Parallel Learning Trust so that all stakeholders are totally aligned to its vision and mission
- 2 Develop a more consistent approach to the Trust's management of teaching and learning, self- evaluation and school improvement planning processes
- 3 Further develop roles and responsibilities within the executive function to support the growth and future expansion of the Trust
- 4 Strengthen further governance at all levels with review and revision of the Trust's Scheme of Delegation
- 5 Further embed robust financial processes as the number of schools in the Trust grows
- 6 Further develop capacity in the school improvement function, through the Trust's trading subsidiary, Logic School Services
- 7 Prepare for the opening of the Trust's first sponsored academies in Southend in Essex
- 8 Work with strategic partners to identify areas of priority and develop strategies to meet these needs

Auditor

Insofar as the Directors are aware:

- 1 there is no relevant audit information of which the charitable company's auditor is unaware
- 2 the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.
- 3 confirm the appointment of CTMP Accountants Ltd for the next 3 years.

Directors' report, incorporating a strategic report, was approved by order of the board of Directors, as the company directors, on 29/12/2016 and signed on the board's behalf by:



Ross A Neal

Chair of Directors

date: 29/12/2016

Parallel Learning Trust

Governance Statement

Scope of Responsibility

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 [principal/chief executive], 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 8 times during the year. Attendance during the year at meetings of the board of Directors was as follows:

Director	Meetings attended	Out of a possible
Ross Alexander NEAL – (CHAIR)	7	8
Victor Manuel Dias Campos DA SILVA	7	8
Michael MARTELL	7	8
Rosemary NEWLOVE	7	8
Andrea SMITH	6	8
Malcolm WARD	7	8
Richard PUGH	6	8
Richard LEONARD	7	8

Parallel Learning Trust Governance Statement (continued)

The Finance, Resources and Premises Committee is a committee of the main board of directors. Its purpose is to provide guidance to the Trust on all matters under its remit (Finance, Resources Premises Health and Safety, Appeals and Asset Management). The Trust must take all decisions concerning the adoption and implementation of these recommendations.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Richard PUGH - (CHAIR)	2	3
Richard LEONARD	3	3
Ali MUHAMMAD	3	3
Andrea SMITH	3	3
Rosemary NEWLOVE	3	3
Michael MARTELL		

Review of Value for Money

As accounting officer the [principal / chief executive] has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the 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 academy trust has delivered improved value for money during the year by:

- 1 Economy – Minimising the cost of resources used by the school but to ensure quality of services are maintained
- 2 Efficiency – The relationship between output, in terms of goods, services or other results and the resources used to produce them.
- 3 Effectiveness – The extent to which objectives have been achieved. The relationship between the intended impacts and actual impacts of an activity

Parallel Learning Trust

Governance Statement (continued)

Strategic Report

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 on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Parallel Learning Trust for the period [insert the start date of the period for which the financial statements have been prepared] to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- 1 comprehensive budgeting and monitoring systems with an annual budget and periodic financial
- 2 regular reviews by the finance and general purposes committee of reports which indicate financial
- 3 setting targets to measure financial and other performance
- 4 clearly defined purchasing (asset purchase or capital investment) guidelines
- 5 delegation of authority and segregation of duties
- 6 identification and management of risks

The board of Directors has considered the need for a specific internal audit function and has decided:

- 1 to appoint an internal auditor. However the Directors have appointed CTMP Accountants Ltd, the external auditor, to perform additional checks.

Parallel Learning Trust

Governance Statement (continued)

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

- 1 testing of payroll systems
- 2 testing of purchase systems
- 3 testing of control account/ bank reconciliations

On a quarterly basis, the internal auditor will report to the board of Directors, through the audit committee on the operation of the systems of control and on the discharge of the board of Directors' financial responsibilities.

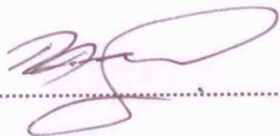
Review of Effectiveness

As accounting officer, the Director of Special & Alternative Provision Academies, has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 1 the work of the external auditor
- 2 the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of Directors on 29/12/2016 and signed on its behalf by:



Ross A Neal

Chair of Directors

date: 29/12/2016



Mark Jordan

Accounting Officer

date: 29/12/2016

Parallel Learning Trust

Statement of 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 Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of Directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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 EFA.



Mark Jordan

Accounting Officer

date: 29/12/2016

Parallel Learning Trust

Statement of Directors' Responsibilities

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

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

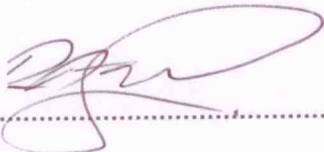
- 1 select suitable accounting policies and then apply them consistently
- 2 observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016
- 3 make judgments and accounting estimates that are reasonable and prudent
- 4 state whether applicable UK Accounting Standards FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements
- 5 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 EFA/DfE have been applied for the purposes intended

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

Approved by order of the members of the board of Directors on 29/12/2016 and signed on its behalf by:



Ross A Neal

Chair of Directors

date: 29/12/2016

Parallel Learning Trust

Independent Auditor's Report on the Group Financial Statements to the Members of Parallel Learning Trust

We have audited the group financial statements of Parallel Learning Trust for the year ended 31 August 2016 which comprise the Consolidated Statement of financial activities, the Consolidated Balance sheet, the Consolidated Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction issued by the Education Funding Agency.

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

Respective responsibilities of Directors and auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Parallel Learning Trust

Independent Auditor's Report on the Group Financial Statements to the Members of Parallel Learning Trust (continued)

Emphasis of matter - going concern

In forming our opinion on the consolidated and parent company financial statements, which are not modified, we have considered the adequacy of the disclosure made in note 1 to the group financial statements concerning the group's and company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis and the validity of this depends on the group successfully implementing a restructuring strategy aimed to reduce costs and securing additional funding from the EFA. If this strategy is not implemented the group will require further additional funding from the EFA in order to meet its obligations as they fall due. These conditions, along with other matters explained in note 1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and parent company's ability to continue as a going concern. The financial statements do not include the adjustment that would result if the group and parent company were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



.....
CT Munir FCA
Senior statutory auditor
for and on behalf of

CTMP Accountants Limited
Chartered Accountants
838 Wickham Road
Croydon, CR0 8ED

date: 29/12/2016

Parallel Learning Trust

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

In accordance with the terms of our engagement letter dated 1/10/2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Parallel Learning Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Parallel Learning Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Parallel Learning Trust and EFA 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 EFA, 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 1/10/2015 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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.

Approach

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

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

Parallel Learning Trust

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

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.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all the trust activities;
- Further testing and review of the areas identified through the risk assessment including enquiries, 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 related above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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



.....
Reporting Accountant

CTMP Accountants Limited

Date: 29/12/2016

Parallel Learning Trust

Consolidated Statement of Financial Activities for the year ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	3	-	112	53	165	-
Transfer from local authority on conversion		198		13,992	14,190	-
Charitable activities:						
Funding for the academy trust's educational operations	4	575	6,405	-	6,980	4,191
Provision of boarding activities	33	-	414	-	414	-
Other trading activities	5	575	-	-	575	1,355
Investments	6	-	-	-	-	-
Total		1,348	6,931	14,045	22,324	5,546
Expenditure on:						
Raising funds	7	39			39	978
Charitable activities:						
Academy trust educational operations	8	-	8,244	198	8,442	4,712
Provision of boarding activities	33	-	248	-	248	-
Other		-	-	-	-	7,919
Total		39	8,492	198	8,729	13,609
Net income / (expenditure)		1,309	(1,561)	13,847	13,595	(8,063)
Transfers between funds	18	(1,344)	1,194	150	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	18,29	-	(432)	-	(432)	(1,929)
Net movement in funds		(35)	(799)	13,997	13,163	(9,992)
Reconciliation of funds						
Total funds brought forward		320	(2,155)	5,949	4,114	14,106
Total funds carried forward		285	(2,954)	19,946	17,277	4,114

All of the academy trust's activities derive from continuing operation during the above two financial period. The results of Logic School Services C.I.C have been consolidated within the financial statements of Parallel Learning Trust.

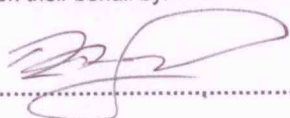
Parallel Learning Trust

Balance Sheet as at 31 August 2016

Company Number 08605705

	Notes	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Fixed assets					
Intangible assets	12	5	5	-	-
Tangible assets	13	19,846	19,846	5,949	5,949
Investments					
		<u>19,851</u>	<u>19,851</u>	<u>5,949</u>	<u>5,949</u>
Current assets					
Stock	14	2	2	-	-
Debtors	15	2,397	2,681	1,436	1,471
Cash at bank and in hand		657	647	2,017	1,974
		<u>3,056</u>	<u>3,330</u>	<u>3,453</u>	<u>3,445</u>
Liabilities					
Creditors: Amounts falling due within one year	16	(3,269)	(3,545)	(3,338)	(3,331)
Net current assets/(liabilities)		<u>(213)</u>	<u>(215)</u>	<u>115</u>	<u>114</u>
Total assets less current liabilities		<u>19,638</u>	<u>19,636</u>	<u>6,064</u>	<u>6,063</u>
Creditors: Amounts falling due after more than one year	17	-	-	(21)	(21)
Net assets excluding pension liability		<u>19,638</u>	<u>19,636</u>	<u>6,043</u>	<u>6,042</u>
Defined benefit pension scheme liability	29	(2,361)	(2,361)	(1,929)	(1,929)
Total net assets		<u>17,277</u>	<u>17,275</u>	<u>4,114</u>	<u>4,113</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	18	19,947	19,947	5,949	5,949
. Restricted income fund	18	(593)	(594)	(226)	(226)
. Pension reserve	18	(2,361)	(2,361)	(1,929)	(1,929)
Total restricted funds		<u>16,993</u>	<u>16,992</u>	<u>3,794</u>	<u>3,794</u>
Unrestricted income funds	18	<u>284</u>	<u>283</u>	<u>320</u>	<u>319</u>
Total funds		<u>17,277</u>	<u>17,275</u>	<u>4,114</u>	<u>4,113</u>

The financial statements on pages 29 to 57 were approved by the trustees, and authorised for issue on 29 December 2016 and are signed on their behalf by:



Ross A Neal
Chair of Directors

Parallel Learning Trust

Consolidated Statement of Cash Flows for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	12,784	(5,882)
Cash flows from investing activities	24	(14,144)	7,677
Cash flows from financing activities	23	-	-
Change in cash and cash equivalents in the reporting period		(1,360)	1,795
Cash and cash equivalents at 1 September 2015		2,017	222
Cash and cash equivalents at the 31 August 2016	25	657	2,017

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2016

1 Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102)), the Academies Accounts Direction 2014 to 2015 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

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

Explanation of transition to FRS 102

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

As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards, however generally the impact of these has no effect on comparative figures.

The main impact has therefore been to change the presentation of certain items in the accounts in order to comply with the new legislation, notably;

i) capital grants now shown in a donations and capital grants now on the Statement of Financial Activities, rather than within incoming recourses from charitable activities; and

ii) governance cost are now shown included within support costs, within costs of charitable activities, instead of appearing on separate line on the Statement of Financial Activities

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 company to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

These financial statements are prepared on the Going Concern basis of accounting, the validity of which, depends on obtaining sufficient funding from the Education Funding Agency ("EFA"), the continued support from the Trust's primary local authority, the London Borough of Lambeth ("LBL") and the Trust's cost reduction programme as set out below.

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

The trust is also going through cost reduction exercises in all of four of its academies which is expected to be finalised by the end of March 2017. The trust is expecting to generate approximately £70,000 and £33,000 monthly savings from staffing and the third sector placement respectively.

Plans are also in place to improve the cash inflows through re-negotiation of High Needs Funding top-up from the LBL, the increase in the School Direct Commission fees, and increased capacity in the Inspire Academy through a timely completion of the New Build Programme as supported by the EFA.

While the trust has been successful in raising the standard of education in its academies, the trust executive team hope for better financial support from the LBL which has been reluctant to engage for the past two years in more positive re-negotiation of top-up funding to a more realistic level in order to support the continued delivery of high quality teaching learning and support for an ever more complex cohort of pupils they refer into the academies run by the Trust. Consequently the Trust has received a legal demand from the LBL for an immediate payment of approximately £843,000 out of a total debt of approximately £2.17mi. The Trust is owed approximately £1.58mi from the LBL which is disputed by the LBL and the Trust has instructed its solicitors to commence recovery action. The advice from the Trusts solicitors is that the probability of success for various disputed items varies from 50% to 70%. Based on this advice, no provision is made against these debts in the financial statements.

The Trust's Executive team is in the process of preparing a request to the EFA for advance of funding and deficit funding. Although at the time of preparing these accounts no formal acceptance has yet been received from the EFA, the Directors are confident that the EFA will view their application favourably. The amount of this request is in excess of £1.237m.

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 period is deducted from income and recognised as a liability.

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

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

- **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 period it is receivable and to the extent the academy trust has provided the goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **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

Intangible Fixed Assets

Intangible assets costing **£8,490** or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software **£3,000**

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

Tangible Fixed Assets

Assets costing £250 or more 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset, less their estimated residual value, over its expected useful life, as follows

• Long leasehold buildings	Over life of the lease
• Fixtures, fittings and equipment	20% straight line
• ICT hardware	20% reducing balance
• Motor Vehicles	20% reducing balance

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

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 of services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Investments

The academy's shareholding in the wholly owned subsidiary, Logic School Services C.I.C, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

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.

Pensions Benefits

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 and the assets are held separately from those of the academy trust.

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. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

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 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 Education Funding Agency

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The long leasehold premises valuation for Ramsden Hall Academy was not available at the time of the preparation of the accounts for the period ended 31 August 2016. Therefore, the valuation taken into account was based on the valuation taken from the fire risk assessment document prepared by the Essex County Council. The management of the trust believed that this is the best estimate available at the time.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2016.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital Grants	-	53	53	-
Donated fixed assets	-	-	-	-
Donations	-	112	112	-
	<u>-</u>	<u>165</u>	<u>165</u>	<u>-</u>

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE / EFA grants				
. General Annual Grant (GAG)	0	2,573	2,573	1,680
. Start Up Grants	43	146	189	0
. Other DfE/EFA grants	26	335	361	111
	<u>69</u>	<u>3,054</u>	<u>3,123</u>	<u>1,791</u>
Other Government grants				
. Local authority grants	506	3,700	4,206	2,169
. Special educational projects	0	65	65	230
	<u>506</u>	<u>3,765</u>	<u>4,271</u>	<u>2,399</u>
Other income from the academy trust's educational operations	0	0	0	0
	<u>575</u>	<u>6,819</u>	<u>7,394</u>	<u>4,190</u>

5 Other Trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
School Commission Income	551	-	551	1,343
Hire of facilities	18	-	18	12
Income from Subsidiary	6	-	6	-
	<u>575</u>	<u>-</u>	<u>575</u>	<u>1,355</u>

6 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

7 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
	£000	Premises £000	Other £000	2016 £000	2015 £000
Expenditure on raising funds	-	-	39	39	978
Academy's educational operations:					
. Direct costs	5,947	19	603	6,569	3,193
. Allocated support costs	493	414	966	1,873	1,519
Boarding activities:					
. Direct costs	66			66	-
. Allocated support costs	-	100	82	182	-
	6,506	533	1,690	8,729	5,690

Net income/(expenditure) for the period includes:

	2016 £000	2015 £000
Operating lease rentals	32	26
Depreciation	195	122
(Gain)/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)	3	-
Fees payable to auditor for:		
- audit	29	10
- other services	4	3

Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August 2016
(continued)

8 Charitable Activities

	Total	Total
	2016	2015
	£000	£000
Direct costs – educational operations	6,569	3,193
Direct costs – boarding	66	-
Support costs – educational operations	1,873	1,532
Support costs – boarding	182	-
	8,690	4,725

Analysis of support costs	Boarding	Educational	Total	Total
	£000	operations	2016	2015
		£000	£000	£000
Support staff costs	149	637	786	295
Depreciation	6	189	195	122
Technology costs	-	362	362	-
Premises costs	23	7	30	213
Other support costs	4	626	630	889
Governance costs	-	52	52	13
Total support costs	182	1,873	2,055	1,532

Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August
2016 (continued)

9 Staff

a. Staff costs

Staff costs during the period were:

	Total	Total
	2016	2015
	£000	£000
Wages and salaries	4,748	3,101
Social security costs	412	265
Operating costs of defined benefit pension schemes	684	432
	5,844	3,798
Supply staff costs	0	0
Staff restructuring costs	24	0
	5,868	3,798
Staff restructuring costs comprise:		
Redundancy payments	18	0
Severance payments	0	0
Other restructuring costs	24	0
	42	0

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £41,979 (2015: 8,262). Individually, the payments were: £1,848, £6,131, £10,000 and £24,000.

c. Staff numbers

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

	2016	2015
	No.	No.
Teachers	71	31
Administration and support	119	65
Management	17	3
	207	99

d Higher paid staff

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

	2016	2015
	No.	No.
£60,001 - £70,000	1	5
£70,001 - £80,000	7	1
£80,001 - £90,000	2	0
£90,001 - £100,000	0	0
£100,001 - £110,000	1	1

e Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £388,499 (2015: £344,720).

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

10 Related Party Transactions - 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 principal and other staff directors only receive remuneration in respect of services they provide undertaking the roles of princ

The value of directors' remuneration and other benefits was as follows:

R Leonard (Chief Executive and director):

- . Remuneration £100,001 - £110,000 (2015: £100,001 - £110,000)
- . Employer's pension contributions paid £15,000 - £20,000 (2015: £15,000 - £20,000)

During the period ended 31 August 2016, travel and subsistence expenses totalling £7,837 were reimbursed or paid directly to 1 director (2015: £1,379 to 1 director).

11 Directors' and Officers' Insurance

In accordance with normal commercial practice the academy has opted into risk protection arrangements (RPA) to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance

Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August 2016
(continued)

12 Intangible Fixed Assets

	Computer Software	Total
	£000	£000
Cost		
At 1 September 2015	-	-
Additions	8	8
At 31 August 2016	<u>8</u>	<u>8</u>
Amortisation		
At 1 September 2015	-	-
Charged in year	3	3
At 31 August 2016	<u>3</u>	<u>3</u>
Carrying amount		
At 31 August 2015	-	-
At 31 August 2016	<u>5</u>	<u>5</u>

13 Tangible Fixed Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Furniture and Equipment	Computer Hardware	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 September 2015	-	5,737	-	350	-	6,087
Additions	-	13,956	7	111	18	14,092
Disposals	-	-	-	-	-	-
At 31 August 2016	<u>-</u>	<u>19,693</u>	<u>7</u>	<u>461</u>	<u>18</u>	<u>20,179</u>
Depreciation						
At 1 September 2015	-	62	-	76	-	138
Charged in year	-	106	1	83	5	195
Disposals	-	-	-	-	-	-
At 31 August 2016	<u>-</u>	<u>168</u>	<u>1</u>	<u>159</u>	<u>5</u>	<u>333</u>
Net book values						
At 31 August 2015	-	5,675	-	274	-	5,949
At 31 August 2016	<u>-</u>	<u>19,525</u>	<u>6</u>	<u>302</u>	<u>13</u>	<u>19,846</u>

The trust's transactions relating to land and buildings included:

Revaluation of long leasehold premises by Education Funding Agency

- The long leasehold premises valuation for Ramsden Hall Academy was not available at the time of the preparation of the accounts for the period ended 31 August 2016. Therefore, the valuation taken into account was based on the valuation taken from the fire risk assessment document prepared by the Essex County Council. The management of the trust believed that this is the best estimate available at the time.
- A formal valuation will subsequently be carried out by the EFA in due course.
- This revised valuation is reflected in the accounts as a movement during the year.

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

14 Stock

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Clothing		-	-	-
Catering	2	2	-	-
	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>

15 Debtors

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Trade debtors	2,265	2,241	1,319	1,273
VAT recoverable	132	132	118	118
Other debtors	-	-	-	-
Amount owed by subsidiary	-	308	-	80
Prepayments and accrued income	-	-	-	-
	<u>2,397</u>	<u>2,681</u>	<u>1,437</u>	<u>1,471</u>

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016

(continued)

16 Creditors: Amounts Falling due within one year

	Group	Company	Group	Company
	2016	2016	2015	2015
	£000	£000	£000	£000
Trade creditors	350	350	67	64
Other taxation and social security	-	-	-	-
EFA creditor: abatement of GAG	-	-	-	-
Other creditors	2,776	3,061	3,252	3,251
Accruals and deferred income	143	134	19	16
	3,269	3,545	3,338	3,331

17 Creditors: Amounts Falling due in greater than one year

	Group	Company	Group	Company
	2016	2016	2015	2015
	£000	£000	£000	£000
Other Creditors	-	-	21	21
	-	-	21	21

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

18 Funds

	Balance at 1 September		Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2016	
	2015 £000	Income £000			2016 £000	£000
Restricted general funds						
General Annual Grant (GAG)	(226)	2,573	(4,361)	1,194	(820)	
Start Up Grant	-	146	(146)	-	-	
Pupil Premium	-	229	(229)	-	-	
Provision for boarding	-	414	(248)	-	166	
Other grants	-	3,569	(3,508)	-	61	
Pension reserve	(1,929)	-	-	(432)	(2,361)	
	(2,155)	6,931	(8,492)	762	(2,954)	
Restricted fixed asset funds						
Transfer on conversion	5,806	13,992	-	-	19,798	
DfE/EFA capital grants	-	53	-	-	53	
Capital expenditure from GAG	143	-	(198)	150	95	
Private sector capital sponsorship	-	-	-	-	-	
	5,949	14,045	(198)	150	19,946	
Total restricted funds	3,794	20,976	(8,690)	912	16,992	
Total unrestricted funds	320	1,348	(39)	(1,344)	285	
Total funds	4,114	22,324	(8,729)	(432)	17,277	

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

Analysis of academies by fund balance

	2016 £000	2015 £000
Park Campus Academy	(553)	13
Kennington Park Academy	(125)	81
Ramsden Hall Academy	147	-
Inspire Academy	222	-
Total before fixed assets and pension reserve	(309)	94
Restricted fixed asset fund	19,946	5,949
Pension reserve	(2,360)	(1,929)
Total	17,277	4,114

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2016 £000	Total 2015 £000
Park Campus Academy	3,828	1,375	30	68	5,301	3,097
Kennington Park Academy	871	335	7	16	1,229	1,157
Ramsden Hall Academy	708	27	37	84	856	-
Inspire Academy	1,153	131	65	148	1,497	-
Academy Trust	6,560	1,868	139	316	8,883	4,254

The trust is carrying a net deficit of £309000 on restricted general funds (excluding pension reserve) plus unrestricted funds because of the following:

- Short fall in Top-up fees for our London based academies (KPA and PCA)
- Discord between investment in a growth strategy and an eight-month delay on the conversion of two schools
- Delay's in capital building works (Kennington and Medway) resulting in loss of fee income
- Impact of support on external partners

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

- Reviewing the current staffing structure in line with the current fees
- Strict budgetary controls to ensure all academies breakeven if not generating surplus
- Review the overall cost structure for each of our settings to negotiate right level of top-up fee with our commissioners
- Sharing resources to reach a minimum saving target level

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

19 Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Intangible fixed assets	-	-	5	5
Tangible fixed assets	-	-	19,846	19,846
Current assets	551	2,410	95	3,056
Current liabilities	(266)	(3,003)	-	(3,269)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(2,361)	-	(2,361)
Total net assets	285	(2,954)	19,946	17,277

20 Capital Commitments

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	-	-

21 Commitments under operating leases

Operating Leases

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

	2016 £000	2015 £000
Amounts due within one year	31	26
Amounts due between one and five years	3	-
Amounts due after five years	-	-
	34	26

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

26 Investments – Logic School Services C.I.C

The academy's shareholding in the wholly owned subsidiary, Logic School Services C.I.C registered in England and Wales (Company number (09092126) , is included in the balance sheet at the cost of the share capital owned less any impairment. The following is a summary of the financial statements of Logic School Services C.I.C. which have been included in the consolidated financial statements.

	2015 £	2015 £
Turnover	364	282
Cost of Sales	46	22
Gross Profit	<u>318</u>	<u>260</u>
Administrative expenses	317	259
Retained profit before taxation	<u>1</u>	<u>1</u>
Corporation tax payable @ 20%	0	0
Retained profit after corporation tax	<u>1</u>	<u>1</u>
Called up share	<u>0</u>	<u>0</u>
Net assets at 31 August 2015	<u>1</u>	<u>1</u>

27 Contingent Liabilities

At the balance sheet date there were amounts due from the London Borough Of Lambeth totalling £1.58mi. These debts are disputed by Lambeth Council and the Directors have instructed the Trust's solicitors to commence recovery action. Based on the written assurances received from the solicitors, who consider the probability of success for these debts ranging from 50% to 70%, no provision has been made in the accounts against these debts. Should the debtors prove to be irrecoverable the net assets of the Trust will decrease by £1.58mi.

28 Members' Liability

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

Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August 2016
(continued)

22 Reconciliation of Net Income/(expenditure) to Net Cash Flow from Operating Activities	2016	2015
	£000	£000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	13,779	(8,063)
<u>Adjusted for:</u>		
Amortisation (note 12)	3	-
Depreciation charges (note 13)	195	122
Capital grants from DfE and other capital income	(53)	
Interest receivable (note 6)	-	-
Defined benefit pension scheme obligation inherited	-	-
Defined benefit pension scheme cost less contributions payable (note 29)	-	-
Defined benefit pension scheme finance cost (note 29)	-	-
(Increase)/decrease in stocks	(2)	-
(Increase)/decrease in debtors	(1,167)	(898)
Increase/(decrease) in creditors	29	2,957
Net cash provided by / (used in) Operating Activities	12,784	(5,882)
23 Cash Flows from Financing Activities	2016	2015
	£000	£000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-
24 Cash Flows from Investing Activities	2016	2015
	£000	£000
Dividends, interest and rents from investments	-	-
Proceeds from sale of tangible fixed assets	-	-
Purchase of intangible fixed assets	(8)	-
Fixed asset inherited on conversion		7,820
Purchase of tangible fixed assets	(14,189)	(143)
Capital grants from DfE/EFA	53	
Capital funding received from sponsors and others		-
Net cash provided by / (used in) investing activities	(14,144)	7,677
25 Analysis cash and cash equivalents	At 31 August	At 31 August
	2016	2015
	£000	£000
Cash in hand and at bank	657	222
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	657	222

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

29 Pension and Similar Obligations (continued)

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 March 2016 was £73,000 (2015: £250,000), of which employer's contributions totalled £56,000 (2015: £201,000) and employees' contributions totalled £17,000 (2015: £49,000). The agreed contribution rates for future years are 20.1% per cent for employers and 5.50% - 12.50% per cent for employees.

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

Principal Actuarial Assumptions

	2016	2015
Rate of increase in salaries	4.30%	4.50%
Rate of increase for pensions in payment/inflation	2.50%	2.70%
Discount rate for scheme liabilities	3.90%	4.00%
Inflation assumption (CPI)	2.50%	3.40%
Commutation of pensions to lump sums	50.00%	50.00%

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

	2016	2015
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.3	25.2
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	27.7	27.6

Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August
2016 (continued)

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

	Fair value at 2016 £000	Fair value at 2015 £000
Equity instruments	210	117
Gifts	3	2
Other Bonds	33	20
Property	44	17
Cash	7	7
Target Return Portfolio	14	7
Total market value of assets	311	170

The actual return on scheme assets was £10,000

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(46)	(73)
Interest on obligation	(11)	(16)
Net interest cost	6	8
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	(51)	(81)

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

	2016 £'000	2015 £'000
At 1 September	473	366
Upon conversion	-	-
Current service cost	46	73
Interest cost	11	16
Changes in financial assumptions	(16)	1
Employee contributions	11	17
Actuarial (gain)/loss		
Benefits paid		
Plan introductions, benefit changes, curtailments and settlements		
At 31 August	525	473

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

	2016 £'000	2015 £'000
At 1 September	248	170
Upon conversion	-	-
Interest income	6	8
Return on plan assets (excluding net interest on the net defined pension liability)	10	(3)
Actuarial gain/(loss)	-	-
Employer contributions	36	56
Employee contributions	11	17
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	311	248

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

29 Pension and Similar Obligations

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, which is managed by the following Local Authorities:

- London Borough of Lambeth
- Essex County Council
- Medway Council

Both are multi-employer defined benefit pension schemes.

Parallel Learning Trust has received actuarial assessment for LGPS for each of its academies. However, only the disclosure for Inspire Academy is available at this stage. The results in the note 29 only includes figures for Inspire Academy at the time of conversion.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to **£295,501**.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

30 Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

31 Agency arrangements

The trust had a number of agency arrangement with various different agency provider during the last academie year. The Logic School Services C.I.C, subsidiary of Parallel Learning Trust, is now the only agency provider for the trust in order to save cost on agency fee and charges.

32 Post balance sheet events

The convesrion of Seadbrook School from 1 March 2017 is expected to go ahead. The result of this would increase fixed assets and any additional surplus balance under unrestricted fund account.

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

11 Central Services

The academy trust has provided the following central services to its academies through its subsidiary, Logic School Services C.I.C during the year:

- human resources
- financial services
- educational support services; and
- catering management and support

Logic School Services C.I.C. charges for these services on the following basis:

- time-apportioned (based on actual staff cost per day)

The structure of central services will be based on a fixed amount from 1 September 2016 on the following basis:

- human resources - £3,000 per year
- financial services - £20,000 per year
- educational support services - time apportioned (based on actual staff cost per day)

The actual amounts charged during the year were as follows:

	2016	2015
	£000	£000
Kennington Park Academy	91	-
Park Campus Academy	200	-
Ramsden Hall Academy	8	-
Inspire Academy	8	-
	307	-

Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August 2016
(continued)

33 Academy Boarding Trading Account

On 1 April 2016, the Foundation West School and Inspire Free School transferred to academy status for the financial year 2016 and all the operations and assets and liabilities were transferred to Parallel Learning Trust (formed from the Essex County Council and Huddersley Council trusts).

	2016	2016	2016	2015	2015	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Fee income	-	-	-	-	-	-
Grants	-	538	-	-	-	-
Other income	-	-	-	-	-	-
		<u>538</u>			<u>-</u>	
Expenditure						
Direct costs						
Goods and services	24	-	-	-	-	-
Other direct costs	42	-	-	-	-	-
Bad debt write offs	-	-	-	-	-	-
Total direct costs	<u>66</u>		<u>66</u>		<u>-</u>	
Indirect costs						
Staff costs	149	-	-	-	-	-
Utilities	8	-	-	-	-	-
Rent and rates	-	-	-	-	-	-
Insurance	1	-	-	-	-	-
Security	-	-	-	-	-	-
Buildings maintenance	15	-	-	-	-	-
Depreciation	6	-	-	-	-	-
Other indirect costs	3	-	-	-	-	-
Total indirect costs	<u>182</u>		<u>182</u>		<u>-</u>	
Stock costs						
Opening stock	-	-	-	-	-	-
Less closing stock	-	-	-	-	-	-
Stock adjustment	<u>-</u>		<u>-</u>		<u>-</u>	
Total operating costs			<u>248</u>		<u>-</u>	
Surplus/(Deficit) on Boarding			<u>290</u>		<u>-</u>	
Surplus/(Deficit) brought forward at 1 April 2016			-		-	
Surplus/(Deficit) carried forward at 31 August 2016			<u>290</u>		<u>-</u>	

Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August 2016
(continued)

34 Conversion to an Academy Trust

On 1 April 2016 the Ramsden Hall School and Inspire Free School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Parallel Learning Trust Limited from the Essex County Council and Medway Council for nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion/ Charitable activities – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

Ramsden Hall Academy	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
· Freehold land and buildings	-	-	-	-
· Leasehold land and buildings	-	-	10,956	10,956
· Other tangible fixed assets	-	-	-	-
Budget surplus / (deficit) on LA funds	-	-	-	-
Budget surplus / (deficit) on other school funds	-	-	-	-
LGPS pension surplus / (deficit)	-	(472)	-	(472)
Borrowing obligations	-	-	-	-
[Other identified assets and liabilities - expand as necessary]	-	-	-	-
Net [assets / liabilities]	-	(472)	10,956	10,484

Inspire Academy	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
· Freehold land and buildings	-	-	-	-
· Leasehold land and buildings	-	-	3,036	3,036
· Other tangible fixed assets	-	-	-	-
Budget surplus / (deficit) on LA funds	198	-	-	198
Budget surplus / (deficit) on other school funds	-	-	-	-
LGPS pension surplus / (deficit)	-	(214)	-	(214)
Borrowing obligations	-	-	-	-
[Other identified assets and liabilities - expand as necessary]	-	-	-	-
Net [assets / liabilities]	198	(214)	3,036	3,020