



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

**Consolidated Report and Financial Statements
Year ended 31 August 2017**

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

Parallel Learning Trust

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Parallel Learning Trust

Reference and Administrative Details

Founding members	R F Pugh M Ward V M D C Da Silva
Directors	R A Neal (Chair) M P Jordan (appointed 12 June 2017) R Leonard (resigned 12 June 2017) M Martell R Newlove R F Pugh A Smith M Ward
Company Secretary	R F Pugh (appointed 14 March 2017)
Senior Management Team: Chief Executive Officer Trust Resources Manager	M P Jordan M Peake
Company Name	Parallel Learning Trust
Principal and Registered Office	Park Campus Academy Gipsy Road, West Norwood London, SE27 9NP
Company Registration Number	08605705 (England and Wales)
Independent Auditor	CTMP Accountants Ltd Chartered Accountants 838 Wickham Road Croydon, CR0 8ED
Bankers	Lloyds Bank Plc George Street Croydon, CR9 2NS
Solicitors	Geldards LLP 80 Coleman Street London EC2R 5BJ

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 2016 to 31 August 2017. 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 January 2016. 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.

Two further academies, Ramsden Hall Academy and Inspire Academy, were converted on 1 April 2016. On 1 July 2017, Sutton House Academy, and Victory Park Academy (formally Seabrook College) also joined the trust.

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: During the year the Trust converted a further two academies in July 2017.

Structure, Governance and Management

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 1.

Members' Liability

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

Directors' Indemnities

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 successful defence to a criminal prosecution brought against the directors in their capacity as Directors of the Parallel Learning Trust.

Method of Recruitment and Appointment or Election of Directors

The members may appoint up to 6 Directors.

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

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

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

Policies and Procedures Adopted for the Induction and Training of Directors

Potential directors are recruited through:

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

Potential directors will, in the first instance, be met by the Chief Executive and given an overview of the organisation from an operational perspective. They will be given background written information about the organisation and invited to meet with two representatives of the Board to ascertain the following information:

- Skills

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Directors' Report

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

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

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

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

- Complete and sign the declaration of interest form, to be retained by the company secretary
- Sign a declaration that they are eligible to serve as a director
- Agree and sign two copies of the code of conduct, one to be retained by the Director and the other by the company secretary
- The new director will be 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
- ESFA 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 a face to face, in a collective setting, or through virtual on-line packages delivered via the corporate membership or the National Governors Association (NGA) or via training providers deemed appropriate by the board.

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

Organisational Structure

The organisational structure consists of three levels:

-
- Executive leadership Team
- Local Governing Body

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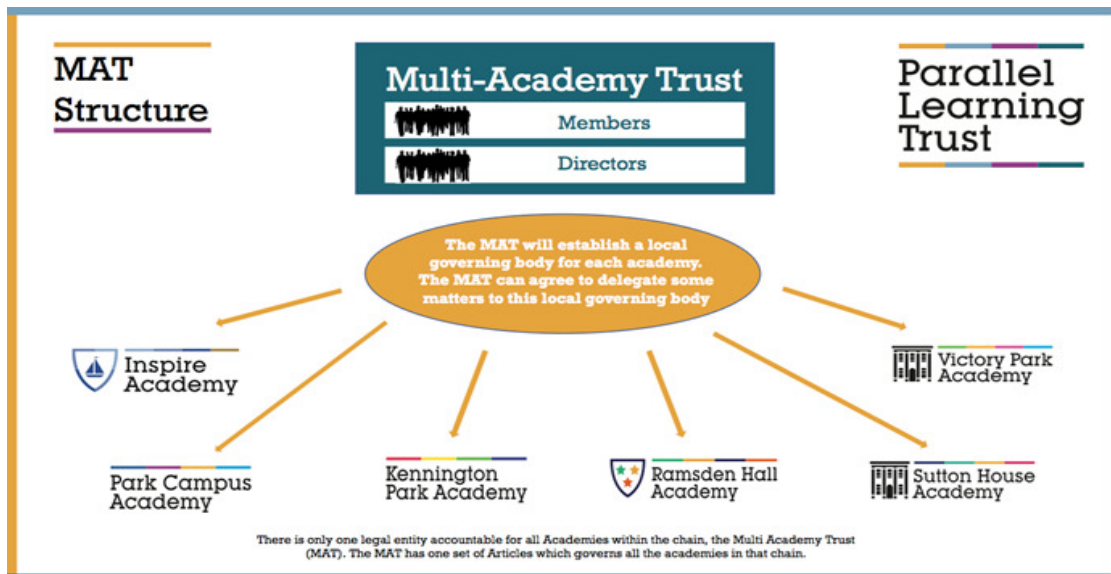
Directors' Report

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.



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Directors' Report

The Role of the Chief Executive

The Chief Executive is a director of the Parallel Learning Trust Board and it 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 organisation, management and control of the schools; for advising the Trust Board members and implanting the strategic framework, incorporated in the role of advising the Trust Board are:

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

Delegation of the Trust Board Functions

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

- The requirement of the Trust Board to fulfil a largely strategic function within 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 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 Committees
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 Admission 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 CIC, to provide central services to the academies within the Trust. The subsidiary is included in the balance sheet at cost.

There are no related party transactions for the period.

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Directors' Report

Objectives and Activities

Objects and Aims

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

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

Objectives, Strategies and Activities

The Strategic Objectives are summarised as follows:

- 1 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 2017-20
 - 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 Service (wholly owned Community interest Company of the Trust) develops a robust and deliverable Business plan to generate income through traded services.

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

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

Standards of Achievement

- Teaching profile based upon lesson observation judgements
- Tracking of pupil progress
- Monitoring of marking and presentation

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Directors' Report

Behaviour and Safety

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

Leadership and Management

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

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

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

PLT Academy performance by Ofsted judgement criteria

Academy	Ofsted				
	Overall	Effectiveness	Quality of	Outcomes	Overall
Ramsden Hall Academy	2	2	2	2	4
Sutton House Academy	4	4	4	4	3
Victory Park Academy	4	4	4	4	3
Inspire Academy	4	3	3	3	3
Kennington Park Academy	2	2	2	2	2
Park Campus Academy	2	2	2	2	2

1 – Outstanding 2 – Good 3 – Requires Improvement 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, however, in reality the provision remains in a similar performance category.

During 2016-17 all provisions have considerably strengthened due to a combination of support from the executive team as well as embedding the core systems of the Trust in the following key areas;

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

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Directors' Report

Establishing these core systems across the Trust has been pivotal in driving improvement providing the executive team with the ability to develop consistency, refine approaches and compare and contrast performance in key areas of performance.

The academic performance of the academies within the Trust has improved yet again with Park Campus again winning a national award for progress of pupil premium students. Out of the newly converted academies there was a notable improvement in Inspire Academy's performance. The new progress system P5 has been embedded in all 4 academies however it is still transferring data from the newly joined Southend provisions, these will be using the P5 system from September 2017. The following is a table of performance across all academies 2016-17. It is also important to note that although Kennington Park Academy has KS1 & 2 students, they have also adapted a primary version of P5 and that there end of year performance was also strong as well as successfully re-integrating 35 students back into mainstream settings.

The most important figure to look for is the P5 figure as this shows progress across the year from baseline to target grade. It is calculated on the same methodology to that of P8 in a mainstream setting but as these are for students with a range of additional needs then it is fair to conclude that a P5 score of higher than -1 is deemed to be a provision with Good progress.

The following data sets demonstrate all academies improved their performance when compared to previous year's data with PCA once again receiving national recognition and winning PPG Award from PiXL.

Parallel Learning Trust	MAT Academies (2016-2107)									
	Inspire Academy		Sutton House Academy		Victory Park Academy		Ramsden Hall Academy		Park Campus Academy	
PLT Academics KS4 Attainment	3	4	3	4	3	4	3	4	3	4
GCSE (S AC EM)	3	0.0%	3	0.0%	3	0.0%	3	0.0%	3	0.0%
GCSE (S AC)	3	0.0%	3	0.0%	3	0.0%	3	0.0%	3	0.0%
GCSE (S AG)	3	33.3%	3	50.0%	3	57.7%	3	22.2%	3	56.4%
GCSE Mathematics >=GRADE G/Level 1	3	96.7%	3	75.0%	3	51.6%	3	37.0%	3	26.5%
GCSE Mathematics >=GRADE E/Level 2	3	33.3%	3	25.0%	3	26.9%	3	33.3%	3	30.0%
GCSE Mathematics >=GRADE C/Level 4	3	0.0%	3	0.0%	3	7.7%	3	22.2%	3	4.5%
Good GCSE Mathematics=GRADE B-/Level 5	3	0.0%	3	0.0%	3	0.0%	3	0.0%	3	0.0%
GCSE English >=GRADE G/Level 1	3	33.3%	3	25.0%	3	57.7%	3	33.3%	3	56.4%
GCSE English >=GRADE E/Level 2	3	33.3%	3	50.0%	3	26.9%	3	22.2%	3	51.6%
GCSE English >=GRADE C/Level 4	3	0.0%	3	0.0%	3	7.7%	3	22.2%	3	4.5%
Good GCSE English >=GRADE B-/Level 5	3	0.0%	3	0.0%	3	0.0%	3	0.0%	3	0.0%
Basics GCSE English and Mathematics >=-1	3	33.3%	3	50.0%	3	24.6%	3	22.2%	3	51.6%
Basics GCSE English and Mathematics >=2	3	33.3%	3	0.0%	3	15.4%	3	22.2%	3	56.4%
Basics GCSE English and Mathematics >=3	3	0.0%	3	0.0%	3	11.5%	3	11.1%	3	27.3%
Basics GCSE English and Mathematics >=4	3	0.0%	3	0.0%	3	3.8%	3	0.0%	3	4.5%
Basics GCSE English and Mathematics >=5	3	0.0%	3	0.0%	3	0.0%	3	0.0%	3	0.0%

Parallel Learning Trust	Year 11 (2017)																			
	Inspire Academy				Sutton House Academy				Victory Park Academy				Ramsden Hall Academy				Park Campus Academy			
	PS	AS	AS	PS	AS	AS	PS	AS	AS	PS	AS	AS	PS	AS	AS	PS	AS	AS		
All	3	-1.63	3	7.67	4	-0.80	4	8.50	22	-1.81	26	9.92	6	-3.23	9	6.28	19	-0.57	22	21.34
Male	3	-1.63	3	7.67	4	-0.80	4	8.50	15	-1.72	16	7.91	6	-3.23	9	6.28	10	-0.68	13	19.73
Female	0		0		0		0		7	-1.99	10	13.15	0		0		9	-0.44	9	23.67
Non SEND	0		0		0		0		0		0		0		0		15	-0.80	17	21.91
SENDK	0		0		0		0		22	-1.81	26	9.92	0		0		4	0.31	5	19.40
SENDE	3	-1.63	3	7.67	4	-0.80	4	8.50	0		0		6	-3.23	9	6.28	0		0	
Higher	0		0		0		0		2	-2.42	2	22.00	0		0		3	-1.85	3	25.33
Middle	1	-3.33	1	5.00	1	-2.75	1	4.00	15	-1.97	15	9.57	3	-3.42	3	7.67	8	-0.60	8	25.75
Lower	2	-0.78	2	9.00	3	-0.15	3	10.00	5	-1.07	5	5.90	3	-3.04	3	0.00	8	-0.05	8	19.94
No KS2	0		0		0		0		4	10.25			3	11.17			3			9.33
Pupil Premium	3	-1.63	3	7.67	3	-0.15	3	10.00	17	-1.83	17	9.79	5	-3.18	6	4.42	10	-0.58	13	19.69
Non Pupil Premium	0		0		1	-2.75	1	4.00	5	-1.73	9	10.17	1	-3.49	3	10.00	9	-0.55	9	23.72

Parallel Learning Trust	Year 11 (2017) Progress 5																			
	Inspire Academy				Sutton House Academy				Victory Park Academy				Ramsden Hall Academy				Park Campus Academy			
	PS	AS	AS	PS	AS	AS	PS	AS	AS	PS	AS	AS	PS	AS	AS	PS	AS	AS		
All	3	-1.63	3	7.67	4	-0.80	4	8.50	22	-1.81	26	9.92	6	-3.23	9	6.28	19	-0.57	22	21.34
EAL Yes	0		0		0		0		1	0.70	1	24.00	0		0		0		0	
Non-EAL	0		3	7.67	4	-0.80	4	8.50	21	-1.93	25	9.36	6	-3.23	9	6.28	19	-0.57	22	21.34
Y7 Start	0		0		1	1.28	1	20.00	2	-3.85	2	6.50	3	-2.72	6	9.08	1	-0.13	1	23.50
Y8 Start	0		0		2	-0.87	2	5.00	5	-2.28	5	6.70	2	-3.86	2	1.00	1	-0.90	1	7.60
Y9 Start	2	-2.50	2	2.50	0		0		9	-1.47	9	11.11	1	-3.49	1	0.00	2	-1.07	2	18.25
Y10 Autumn Start	1	0.11	1	18.00	0		0		1	-3.02	1	10.50	0		0		3	-1.80	3	12.67
Y10 Spring Start	0		0		0		0		3	-1.71	3	8.17	0		0		6	0.59	8	22.88
Y10 Summer Start	0		0		0		0		0		0		0		0		1	-1.84	1	24.00
Y11 Start	0		0		1	-2.75	1	4.00	2	0.34	5	8.80	0		0		5	-0.77	6	26.25

Parallel Learning Trust

Directors' Report

MAT Academies (2016-2107)					
PLT Academies Pupil Characteristics	Inspire Academy	Sutton House Academy	Victory Park Academy	Ramsden Hall Academy	Park Campus Academy
All	3	4	26	9	22
Male	3 100.0%	4 100.0%	16 61.5%	9 100.0%	13 59.1%
Female	0 0.0%	0 0.0%	10 38.5%	0 0.0%	9 40.9%
Non SEND	0 0.0%	0 0.0%	0 0.0%	0 0.0%	17 77.3%
SENDC	0 0.0%	0 0.0%	26 100.0%	0 0.0%	5 22.7%
SENDE	3 100.0%	4 100.0%	0 0.0%	9 100.0%	0 0.0%
Higher	0 0.0%	0 0.0%	2 7.7%	0 0.0%	3 13.6%
Middle	1 33.3%	1 25.0%	15 57.7%	3 33.3%	8 36.4%
Lower	2 66.7%	3 75.0%	5 19.2%	3 33.3%	8 36.4%
No KS2	0 0.0%	0 0.0%	4 15.4%	3 33.3%	3 13.6%
Pupil Premium	3 100.0%	3 75.0%	17 65.4%	6 66.7%	13 59.1%
Non Pupil Premium	0 0.0%	1 25.0%	9 34.6%	3 33.3%	9 40.9%
First Language - Other	0 0.0%	0 0.0%	1 3.8%	0 0.0%	0 0.0%
First Language - English	3 100.0%	4 100.0%	25 96.2%	9 100.0%	22 100.0%
Year 7 Start	0 0.0%	1 25.0%	2 7.7%	6 66.7%	1 4.5%
Year 8 Start	0 0.0%	2 50.0%	5 19.2%	2 22.2%	1 4.5%
Year 9 Start	2 66.7%	0 0.0%	9 34.6%	1 11.1%	2 9.1%
Year 10 Autumn Start	1 33.3%	0 0.0%	1 3.8%	0 0.0%	3 13.6%
Year 10 Spring Start	0 0.0%	0 0.0%	3 11.5%	0 0.0%	8 36.4%
Year 10 Summer Start	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 4.5%
Year 11 Start	0 0.0%	1 25.0%	5 19.2%	0 0.0%	6 27.3%

Year 11 (2017)

The following is a position statement for each academy as of 1/9/17 that highlights some of the challenges and key progress made throughout 2016-17 :

Ramsden Hall Academy

The inspection of both education day provision and residential care were judged to be Good (education April 2016 and Care November 2016).

Since conversation on 1 April 2016 standards and School Improvement Planning have been monitored by a PLT Advisory Board with a focused remit on standards of teaching, learning and assessment but after a successful year this has now converted into an Academy Council. The Academy Council meeting frequency has been agreed to follow a 2:1:1 schedule and has been strengthened with the appointment of 3 additional members, a peer Headteacher, a school improvement partner and Chair of another SEMH PLT academy. The substantive Headteacher has retired and the Trust acted swiftly to appoint the current Deputy Headteacher to the post which provided much needed continuity and also helps re-shape the leadership team. In addition, there has been a significant amount of work done in refining existing structures and creating recognised responsibility positions which has helped to retain key staff, build capacity and create develop succession planning.

Significant HR matters have been addressed:

- Substantive Headteacher Appointment (1/9/2017)
- substantive Care Team Appointments Phased in over time (expected Autumn term 2017)
- Clearly defined middle management tier with allocated responsibility positions

The majority of PLT processes are embedded, strengthening the monitoring systems in place. By doing so the provision has stabilised through a more consistent use of the essential processes that quality assure work. A recent review of the residential provision has helped to inform Governors of priorities and a separate Residential Improvement Plan (RIP) has been created for Autumn 2017. This area had been identified by the Academy Council as needing refinement previously but now there is an accurate position statement of this aspect of the provision.

The introduction of 8 number additional Year 6 students has seen the primary provision develop and . This new development has worked well and a specific space within the academy has been allocated for this purpose. Pupil numbers have risen steadily to 90 and the executive continues to work the school leadership to ensure the staffing structure reflects the curriculum and the needs of the students. In addition, the academy has embedded good practice for Trust's Behaviour Management system and must now concentrate on developing consistent use of the Trust's new progress data system, building upon the recent improvements made. RHA has quickly become the Trust's champion for Behaviour and is trialing a number of new reports to better qualify student's successes and then use these to inform targeted interventions.

Priority Schools Building Programme Two (PSB2) is currently being scoped by the Education and Skills Funding Agency (ESFA) and we envisage new build additions to both residential and education provision will get full approval early in 2018, the delay in approval is purely down to the discovery of a protected type of Newt which requires an ecological study that can only be completed in Spring. The feasibility study has concluded and the heritage building is to be red lined from academy use but will remain within the Trust to be used for central teams, this is a condition of the build programme not a PLT initiative. The current proposed development programme is costed as £8.5 million which is being fully met by the ESFA. This will mean the Heritage building will be 'red lined' from academy use and can only be utilised by the central Trust team. The proposal is to use this as a area hub base for the professionals that support RHA, VPA and SHA. This will also strengthen the Trust's bid for a new SEMH Free Schol bid in 2020.

Parallel Learning Trust

Directors' Report

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 ESFA 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. In 2016-17 there were 2 monitoring visits by an appointed HMI and a further visit from a DfE Education Advisor, all reports stated that excellent progress was being made towards moving out of special measures and all aspects of the provision had been improved however noted that there was still further progress was needed to demonstrate consistent good practice.

Currently the Academy works with students who have an Education 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 has fallen to 12 students as a result of Medway LA stopping referrals due to a lack of confidence. The number has risen to 31 by the end of the summer 2017, demonstrating renewed confidence within the academy from the LA and local community.

There remained significant staffing challenges throughout 2016-17 with staff that were underperforming being challenged through performance management. There was a need to recruit staff which was made more challenging by the demographic as well as the Ofsted rating of the academy however significant progress was made and staffing strengthened in key areas that were targeted.

Significant HR matters have been addressed:

- A substantive Headteacher has been appointed as of 1/7/17.
- A substantive Assistant Headteacher has been appointed as of 1/4/17.
- A substantive Middle leader with responsibility for Science and Marking & feedback has been appointed as of 1/4/17.
- A substantive Lead Practitioner for Maths has been appointed as of 1/9/17.
- A substantive HLTA with responsibility for Reading has been appointed as of 1/6/17.
- A substantive HLTA with responsibility for Writing has been appointed as of 1/6/17.
- The Trust had appointed a substantive English lead but this personal now has withdrawn due to personal circumstances and had to relocate. The Trust is actively looking to secure this key area early in the Autumn term 2017.

The aim is to move the provision out of a category at the next HMI visit which was supported by Janet Pearce when she last visited on 19/9/17. One of the key challenges against this remains the restrictions of the site. These are consistently having a negative impact on student behaviours through the circulation of students as well as limiting the education offer. The scheduled building programme has yet again stalled due to incomplete surveys which will inform a revised feasibility study due to be completed in February 2018. Phase I of the build programme started in July 2017 and the ESFA appointed contractors missed 4 deadlines to hand over the building and so there was a forced delay of opening the provision in September by 2 weeks, HMI visited the very next day after opening. The following quotes support the successful journey of the provision in 2016-17.

"The executive principal has strengthened leadership, brought experience and expertise and stabilised the school. He has established clear job descriptions for each senior post. As a result, senior leaders now have a precise understanding of what they are responsible for and carry out their duties with greater confidence, autonomy and determination." (IA Monitoring visit, Oct 2016)

"There have been improvements to teaching, learning and assessment since the previous monitoring inspection. Better planning and higher expectations in English are beginning make a positive impact on the standards of work in pupils' books and their interest in learning." (IA Monitoring visit, January 2017)

"Delays and setbacks related to the school's building programme, unexpected staff changes and recruitment difficulties have proved to be challenging since the previous monitoring inspection. Nevertheless, in the face of an unsettled period in the summer term of 2017, leaders and managers deserve credit for maintaining their focus on ensuring that the school continues to improve."

"The assessment system introduced at the time of the previous monitoring inspection has been enhanced. It now provides a useful way of recording, tracking and analysing pupils' attainment and progress throughout the school." (both from IA Monitoring visit, September 2017)

Parallel Learning Trust

Directors' Report

The single most important development for Inspire has been the willingness to embrace the new Trust wide P5 progress system. As the first provision to use this within the Trust it has become the flagship provision for the refined P5 system and is now regularly using this information to analyse, report and inform intervention.

Kennington Park

Well established routines for quality assurance confirm that school improvement continues to impact positively on the outcomes for pupils. 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 consistently good, a particular strength of the teaching currently is the focus on greater depth in maths through problem solving. 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 next challenge for staff is to ensure that all students, even those in disadvantaged groups achieve as well as others. Reintegration rates were exceptionally strong with 35 students returning to mainstream provision and only 1/35 so a 97% success rate.

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. KPA was also inspected for the first time as an academy in April 2017 and was achieved a Good rating and noted;

"Together with the support of the chief executive officer, directors of the PLT, governors and senior leaders, you have established a culture of high expectations." (KPA Ofsted, April 2017)

The provision is making very good use of the new academy improvement plan format and has become the Trust wide lead for using this, shaping the way it is used to inform Governance of key achievements and areas of further development

Park Campus

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

Over the course of 2016-17, 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 in June 2017. 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 2016-17 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. 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 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. In the vast majority of cases students' attendance and behaviour 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.

Progress was consistently good and for some students outstanding. Students continue to gain the best possible range and grade of qualifications and were National Runners up to 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 notional 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 always with this vulnerable group to ensure all possible intervention relating to attendance is quickly and effectively deployed.

Parallel Learning Trust

Directors' Report

PCA was also inspected for the first time as an academy in April 2017 and was achieved a Good rating and noted;

"You are ably supported by the visionary chief executive officer who utilises talent from across the trust to build leadership capacity in your school. You and the chief executive officer have forged a highly effective partnership, complementing one another's skills."

"You have exceptionally high expectations for every one of your pupils and have established a 'no-excuse' culture based on respect. Everyone in the school shares your vision and as a result pupils thrive, in spite of extremely challenging social circumstances and low prior attainment."

"It is a credit to you and school leaders that the pupil premium grant is used highly effectively to ensure that pupils who are disadvantaged make at least good and sometimes rapid progress. A high proportion of pupils achieve their targets well before the end of the year." (PCA Ofsted, June 2017)

PCA has embraced the use of the new Trust academy self evaluation software and is contributing to Trust wide discussions about how to succinctly capture qualitative and quantitative performance and share best practice in terms of curriculum.

Victory Park Academy & Sutton House Academy (formerly known as Seabrook College)

The conversion for Seabrook College finally took place on 1/7/17. A significant amount of work has gone in to sharing the Trust's key systems for behaviour management, progress academy self evaluation form and academy development planning. As per the request of the Education Advisor from the DfE, what was Seabrook has now been split into 2 distinct academies, the first is an AP setting with and the other an SEMH provision. There is a limited report on these 2 academies as it only covers 2 months on 2016-17 and only 1 of these was when the provisions were open and functioning.

Trust wide developments / Key achievements

One of the key achievements about the Trust in 2016-17 is the development of Trust wide Steering groups in each of the main areas of the Ofsted framework. This has helped share best practise and build capacity in line with Sir David Carter's model of 'Capacity givers and takers' (October 2017). Across all academies there has been a range of formal middle management positions to improve succession planning, this has been crucial in the embedding of the Trust wide core systems of;

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

The development of these core systems have allowed the executive team to compare and contrast performance, identifying and building on strengths and supportively challenging areas for further development through cross pollinating the strengths of other PLT provisions.

Going Concern

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

Financial Review

Most of the Trust's income is obtained from the ESFA 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 ESFA during the year ended 31st August 2017 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 2017 is reported in line with Financial reporting Standard (FRS 102) as directed in Academies Financial Handbook 2017.

Overall group funding increased by 0.01% to £8.200 mi (2016: £8.134 mi), 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 9 academies by 2019/20 which is a more sustainable model for any academy trust. It is worth noting the diagram below, which suggests the most difficult phase in the development of a sustainable MAT as being growing from 6 to 15 because of the need to develop the central team and functions to support the growing demands of more academies before, as and after they convert.

- top-up 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

Parallel Learning Trust

Directors' Report

The deficit shown in KPA and PCA (the 2 Lambeth provisions) is attributed down to a reduction in 'Top Up' funding over recent years shown in the following table;

Year	Top up
2014-15	£9,959
2015-16	£8,506
2016-17	£8,506
2017-18	£8,506

Service	2015-16	2016-17	2017-18
Management of the Inclusion Function	£197,910	£0	£0
Management of Hospital Education	£192,394	£100,000	£100,000
Delivery of Primary & Secondary outreach services	£504,000	£504,000	£504,000
Total	£894,304	£604,000	£604,000

The overall reduction in funding has been challenging and despite repeated attempts to renegotiate this Lambeth have declined and so reluctantly the Trust is forced to start a restructuring process to ensure costs do not outweigh guaranteed income funding.

The grants received from the ESFA during the year ended 31st August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities. The percentage of the total funding for the ESFA and Local Authority commissioners is 86% of the total funding, the use of which is restricted to particular purposes.

The group's balance sheet benefited from an increase in un-restricted reserves and from the conversion of two schools and the additional asset values of buildings, transferred to the Trust upon conversion.

Reserves Policy

The Trust Board have agreed that going forward there should be a central reserves fund which each academy should proportionately contribute with the aim of creating a £100,000 over the next 3 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 future innovation and development projects. The Directors will review the potential reserve levels of the trust annually. This review encompasses the nature of the income and expenditure streams, the need to match income commitments and the nature of reserves.

Investment Policy

A return on working capital should be optimized 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

During 2016-17 there were significant changes at executive level with the CEO, Finance Director and HR Director all leaving employment as a result of the Board taking swift and appropriate action. The Board has looked to make efficiencies where appropriate to streamline the central function and reducing running costs. In addition, a new executive leadership structure is in place and the new Executive Headteacher & CEO has improved relationships with commissioners as well as the ESFA. This has brought greater financial stability to the Trust.

Risks are prioritised using a consistent scoring system and in line with the Academies risk management matrix.

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

Parallel Learning Trust

Directors' Report

Government funding

PLT has considerable reliance on continued government funding through the ESFA and Top Up Funding from Local Authorities. In the accounting period 93% 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:

- Funding is derived through a number of direct and indirect contractual agreements
- A new commissioning strategy that secures appropriate funding from a range of sources
- By ensuring the academies in PLT Trust is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the ESFA and local government.

Plans for Future Periods

The Board have agreed that the future growth plan be more considered and is now projected at 1 academy per year for each of the next 3 years. The Trust has been approached by a local SAT that has expressed an interest of joining PLT and we are engaged in formal due diligence process with a projected conversion in 2017-18.

The Trust also submitted a bid for a new SEMH residential provision in Essex and has been invited to formal interview stage on 31/1/18. This project is in line for 2020.

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.

Directors' report, incorporating a strategic report, was approved by order of the board of Directors, as the company directors, on 24/01/2018 and signed on the board's behalf by:

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R A Neal

Chair of Directors

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

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of Directors has formally met 6 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
R A Neal - (Chair)	5	6
R Newlove – (Vice Chair)	5	6
M Martell	5	6
A Smith	5	6
M Ward	6	6
R Pugh	6	6
M Jordan (CEO) Acting 13/12/16, Permanent 12/6/17	6	6

The finance and general purposes committee is a sub-committee of the main board of Directors. Its purpose is to provide guidance to the Trust on all matters under its remit. 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
R Pugh – (Chair)	3	3
M Jordan (dates as previous)	2	2
R Newlove	3	3
A Smith	3	3
M Martell	3	3

Review of Value for Money

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

Parallel Learning Trust

Governance Statement

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.

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 year ended 31 August 2017 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 reports which are reviewed and agreed by the board of Directors
- 2 regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- 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 not to appoint an internal auditor. However the Directors have appointed a Trust Resources Manager to carry out a programme of internal checks.

The Trust Resources Manager'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 Trust Resources Manager reports to the board of Directors, through the finance and general purposes 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 chief executive 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 Trust Resources Manager
- 2 the work of the external auditor
- 3 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 and general purposes 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 24/01/2018 and signed on its behalf by:

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R A Neal
Chair of Directors

M P Jordan
Accounting Officer

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 and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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 2017.

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 2017.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of Directors and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of Directors and ESFA:

Financial issues

During the year the Chief Executive Officer, HR Manager and Financial Accountant were all dismissed for attempted falsification of salary related documentation. However there was no financial loss to the Trust as a consequence of this.

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M P Jordan

Director

24/01/2018

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- 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 2016 to 2017
- 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 ESFA/DfE have been applied for the purposes intended

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

Approved by order of the members of the board of directors on 24/01/2018 and signed on its behalf by:

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M P Jordan

Director

Parallel Learning Trust

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

Opinion

We have audited the consolidated financial statements of Parallel Learning Trust and its subsidiary for the year ended 31 August 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, parent company's 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 and United Kingdom Accounting Standards, including Financial Reporting Standards 102 'The Financial Reporting Standards applicable in the UK and the Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction issued by the Education and Skills Funding Agency ("ESFA").

This report is made solely to the company'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 company'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 company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

In our opinion the consolidated financial statements:

- 1 give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- 2 have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 3 have been prepared in accordance with the requirements of the Companies Act 2006.
- 4 have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

In forming our opinion on the consolidated financial statements, which are not modified, we have considered the adequacy of the disclosure made in note 1 to the consolidated financial statements concerning the group's and company's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis and the validity of this depends on the directors succeeding in negotiating an affordable payment plan to settle its debts with London Borough of Lambeth successfully implementing a restructuring strategy aimed to reduce costs, securing additional funding. Otherwisethe group will require additional funding 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 consolidated financial statements do not include the adjustment that would result if the group and parent company were not able to continue as a going concern.

Other information

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Parallel Learning Trust

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Dated: 30/1/18

Parallel Learning Trust

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

In accordance with the terms of our engagement letter dated 6th February 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Parallel Learning Trust during the year ended 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Parallel Learning Trust's funding agreement with the Secretary of State for Education dated 1 October 2015 and the Academies Financial Handbook, extant from 1 September 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 31 August 2017 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 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- 1 An assessment of risk of material irregularity and impropriety across the trust major activities.
- 2 Testing and review of any areas identified in 1 above by reference to supporting evidence and representations by the directors
- 3 Consideration of evidence obtained through the work in 1 and 2 above and the work completed as part of the audit of the accounts in order to support our conclusion on the regularity, propriety and compliance.

Parallel Learning Trust

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

Conclusion

In the course of our work, except for the matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- During the year the Chief Executive Officer, HR Manager and Financial Accountant were all dismissed for attempted falsification of salary related documentation. However there was no financial loss to the Trust as a consequence of this impropriety.

.....

Reporting Accountant

CTMP Accountants Ltd

Dated: 30/1/18

Parallel Learning Trust

Consolidated Statement of Financial Activities for the year ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	3	-	45	-	45	165
Transfer from local authority on conversion	34	2	-	855	857	14,190
Charitable activities:						
Funding for the academy trust's educational operations	4	380	6,662	-	7,042	6,980
Provision of boarding activities	33	-	733	-	733	414
Other trading activities	5	380	-	-	380	575
Investments	6	-	-	-	-	-
Total		762	7,440	855	9,057	22,324
Expenditure on:						
Raising funds	7	43	-	-	43	39
Charitable activities:						
Academy trust educational operations	7	-	9,089	238	9,327	8,442
Provision of boarding activities	33	-	361	11	372	248
Other		-	-	-	-	-
Total		43	9,450	249	9,742	8,729
Net income / (expenditure)		719	(2,010)	606	(685)	13,595
Transfers between funds	18		62	(62)	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	18,29	-	(4,871)	-	(4,871)	(432)
Net movement in funds		719	(6,819)	544	(5,556)	13,163
Reconciliation of funds						
Total funds brought forward		285	(2,954)	19,946	17,277	4,114
Total funds carried forward		1,004	(9,773)	20,490	11,721	17,277

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 Sheets as at 31 August 2017

Company Number 08605705

	Notes	Group 2017 £000	Company 2017 £000	Group 2016 £000	Company 2016 £000
Fixed assets					
Intangible assets	12	4	4	5	5
Tangible assets	13	20,486	20,486	19,846	19,846
		-	-	-	-
		<u>20,490</u>	<u>20,490</u>	<u>19,851</u>	<u>19,851</u>
Current assets					
Stock	14	5	5	2	2
Debtors	15	1,813	1,988	2,397	2,681
Cash at bank and in hand		758	736	657	647
		<u>2,576</u>	<u>2,729</u>	<u>3,056</u>	<u>3,330</u>
Liabilities					
Creditors: Amounts falling due within one year	16	(4,113)	(4,090)	(3,269)	(3,545)
Net current assets/(liabilities)		<u>(1,537)</u>	<u>(1,361)</u>	<u>(213)</u>	<u>(215)</u>
Total assets less current liabilities		<u>18,953</u>	<u>19,129</u>	<u>19,638</u>	<u>19,636</u>
Creditors: Amounts falling due after more than one year	17	-	-	-	-
Net assets excluding pension liability		<u>18,953</u>	<u>19,129</u>	<u>19,638</u>	<u>19,636</u>
Defined benefit pension scheme liability	29	(7,232)	(7,232)	(2,361)	(2,361)
Total net assets		<u>11,721</u>	<u>11,897</u>	<u>17,277</u>	<u>17,275</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	18	20,490	20,490	19,946	19,946
. Restricted income fund	18	(2,541)	(2,541)	(593)	(594)
. Pension reserve	18	(7,232)	(7,232)	(2,361)	(2,361)
Total restricted funds		<u>10,717</u>	<u>10,717</u>	<u>16,992</u>	<u>16,991</u>
Unrestricted income funds	18	<u>1,004</u>	<u>1,180</u>	<u>285</u>	<u>284</u>
Total funds		<u>11,721</u>	<u>11,897</u>	<u>17,277</u>	<u>17,275</u>

The financial statements on pages 23 to 46 were approved by the directors, and authorised for issue on 24 January 2018 and are signed on their behalf by:

.....
R A Neal
Chair of Directors

Parallel Learning Trust

Consolidated Statement of Cash Flows for the year ended 31 August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	988	12,784
Cash flows from investing activities	24	(887)	(14,144)
Cash flows from financing activities	23	-	-
Change in cash and cash equivalents in the reporting period		101	(1,360)
Cash and cash equivalents at 1 September 2016		657	2,017
Cash and cash equivalents at the 31 August 2017	25	758	657

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2017

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The financial statements are presented in sterling to the nearest thousand pounds.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of the company and its subsidiary made up at the balance sheet date.

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 and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

These financial statements are prepared on the Going Concern basis of accounting, the validity of which, depends on obtaining sufficient funding from the Education & Skills Funding Agency ("ESFA"), 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.

The trust continued during the year with its cost reduction programme which was implemented in March 2017.

As stated in previous year's accounts, negotiations to improve the cash inflows through High Needs top-up Funding and the increase in the School Direct Commission fees is ongoing with the LBL.

The LBL issued a claim against the company on 27th January 2017 for unpaid payroll services of £3,379,923, together with a court fee of £10,000. They also claim ongoing interest and costs. In addition, they claim that further sums are due to them (although these are not currently part of the legal action and the directors have not seen any documents which verify the claims) being:

- Shortfall in pension contributions £929,000
- Other charges for services provided totalling £28,779

In response, the company has filed a counterclaim, claiming various sums in relation to funding and unpaid invoices of £896,055.60, together with other unliquidated funding claims, some of which continue to escalate but which have previously been estimated at approximately £379,036.

On the directors request, ESFA is acting as an arbitrator and in a meeting in November 2017 the directors met LBL with a view to agreeing an affordable solution to this problem. The directors reconfirmed the offer to make repayments of £28,300 per month based on trust budget and LBL agreed to receive these payments. The directors have also agreed to bi-annual reviews with LBL with a view to exploring if repayments could be increased, subject to affordability, in order for the debt to be settled as soon as possible.

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.

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2017

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.

- **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 **£1,000** 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 - 10 years

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.

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2017

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 | amortised over life of the lease |
| • Fixtures, fittings and equipment | 20% reducing balance |
| • Motor Vehicles | 20% straight line |

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 or 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.

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 29, 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.

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2017

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 and Skills Funding Agency.

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 valuations were not available at the time of the preparation of the accounts for the period ended 31 August 2017. Therefore, these were included in the accounts at best estimates provided by the directors.

The present value of the Local Government Pension Scheme (LGPS) 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 29, 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 August 2017 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Critical areas of judgement

In addition to the estimates discussed above, the directors used best estimates to calculate LGPS deficit for Park Campus and Kennington Park Academies as at the balance sheet date as no actuarial valuations were available at the time of preparation of accounts due to continued dispute subject to litigation between the company and Lambeth Council. The estimated pension deficit for Park Campus and Kennington Park Academies amounted to £4.1 mi. Should the actual differed from this estimate then this will have an impact on the following total figures presented in the consolidated financial statements:

Balance Sheet - group & company

Defined benefit pension scheme liability	£7.232 mi
Pension reserve - restricted fund	£7.232 mi

Consolidated Statement of Financial Activities

Actuarial (losses) / gains on defined benefit pension schemes (£4.871 mi)

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2017

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2017 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 2017.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital Grants	-	45	45	53
Donated fixed assets	-	-	-	-
Donations	-	-	-	112
	-	45	45	165

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE / ESFA grants				
. General Annual Grant (GAG)	-	3,568	3,568	2,159
. Start Up Grants	-	-	-	189
. Other DfE/ESFA grants	-	87	87	361
	-	3,655	3,655	2,709
Other Government grants				
. Local authority grants	380	3,007	3,387	4,206
. Special educational projects	-	-	-	65
	380	3,007	3,387	4,271
Other income from the academy trust's educational operations	-	-	-	-
	380	6,662	7,042	6,980

5 Other Trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
School Commission Income	576	-	576	551
Hire of facilities	8	-	8	18
Net income/(loss) from Subsidiary	(204)	-	(204)	6
	380	-	380	575

6 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	-	-	-	-
	-	-	-	-

Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August 2017
(continued)

7 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2017	2016
	£000	£000	£000	£000	£000
Expenditure on raising funds	43		-	43	39
Academy's educational operations:					
. Direct costs	6,339	269	1,256	7,864	6,569
. Allocated support costs	564	343	556	1,463	1,873
Boarding activities:					
. Direct costs	-	-	95	95	66
. Allocated support costs	211	44	22	277	182
	7,157	656	1,929	9,742	8,729

Net income/(expenditure) for the period includes:

	2017	2016
	£000	£000
Operating lease rentals	-	32
Depreciation	247	195
(Gain)/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)	2	3
Fees payable to auditor for:		
- audit	34	29
- other services	6	4

8 Charitable Activities

	Total	Total
	2017	2016
	£000	£000
Direct costs – educational operations	7,864	6,569
Direct costs – boarding	95	66
Support costs – educational operations	1,463	1,873
Support costs – boarding	277	182
	9,699	8,690

Analysis of support costs

	Boarding Educational operations		Total	Total
	£000	£000	2017	2016
	£000	£000	£000	£000
Support staff costs	211	564	775	786
Depreciation	11	235	246	195
Technology costs	-	150	150	362
Premises costs	44	343	387	30
Other support costs	11	137	148	630
Governance costs	-	34	34	52
Total support costs	277	1,463	1,740	2,055

Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August 2017
(continued)

9 Staff

a. Staff costs

Staff costs during the period were:

	Total	Total
	2017	2016
	£000	£000
Wages and salaries	5,526	5,368
Social security costs	662	412
Operating costs of defined benefit pension schemes	890	684
	7,078	6,464
Supply staff costs	-	-
Staff restructuring costs	36	42
	7,114	6,506
Staff restructuring costs comprise:		
Redundancy payments	20	18
Severance payments	-	-
Other restructuring costs	16	24
	36	42

b. Non statutory/non contractual staff severance payment

Included in staff restructuring costs is a single non-statutory/non-contractual severance payment of £20,000 (2016: 18,000).

c. Staff numbers

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

	2017	2016
	No.	No.
Teachers	85	71
Administration and support	190	119
Management	18	17
	293	207

d Higher paid staff

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

	2017	2016
	No.	No.
£60,001 - £70,000	3	1
£70,001 - £80,000	4	7
£80,001 - £90,000	1	2
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	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 £210,097 (2016: £388,499).

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2017

(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 principal and staff members under their contracts of employment.

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

M Jordan (Chief Executive and director):

- . Remuneration £140,000 - £145,000 (2016: £95,000 - £100,000)
- . Employer's pension contributions paid £15,000 - £20,000 (2016: £15,000 - £20,000)

During the period ended 31 August 2017, travel and subsistence expenses totalling £4,944 were reimbursed or paid directly to 1 director (2016: £7,837 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 provides unlimited professional indemnity cover other than libel and slander where limit is £1m each and every loss and in annual aggregate per academy whose Academy Trust is a member and the cost for the period ended 31 August 2017 was £10,449 (2016: £10,024). The cost of this insurance is included in the total insurance cost.

12 Intangible Fixed Assets - group & company

Cost	Computer Software £000	Total £000
At 1 September 2016	8	8
Additions	-	-
At 31 August 2017	<u>8</u>	<u>8</u>
Amortisation		
At 1 September 2016	2	2
Charged in year	2	2
At 31 August 2017	<u>4</u>	<u>4</u>
Carrying amount		
At 31 August 2017	<u>4</u>	<u>4</u>
At 31 August 2016	<u>5</u>	<u>5</u>

Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August 2017
(continued)

13 Tangible Fixed Assets - group & company

	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 2016	-	19,693	7	461	18	20,179
Additions	-	795	87	-	5	887
Disposals	-	-	-	-	-	-
At 31 August 2017	-	20,488	94	461	23	21,066
Depreciation						
At 1 September 2016	-	168	1	159	5	333
Charged in year	-	160	-	78	9	247
Disposals	-	-	-	-	-	-
At 31 August 2017	-	328	1	237	14	580
Net book values						
At 31 August 2017	-	20,160	93	224	9	20,486
At 31 August 2016	-	19,525	6	302	13	19,846

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

Revaluation of long leasehold premises by Education and Skills Funding Agency

The long leasehold premises valuations were not available at the time of the preparation of the accounts for the period ended 31 August 2017. Therefore, these were included in the accounts at best estimates provided by the directors.

A formal valuation will be carried out by the ESFA in due course.

There will be no cash impact of this treatment or impact on the GAG reserves of the School as the asset is kept in a separate restricted fixed asset fund on the face of the Statement of Financial Activities (SOFA).

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2017

14 Stock

	Group	Company	Group	Company
	2017	2017	2016	2016
	£000	£000	£000	£000
Clothing	2	2	-	-
Catering	3	3	2	2
	5	5	2	2

15 Debtors

	2017	2017	Group	Company
	£000	£000	2016	2016
	£000	£000	£000	£000
Trade debtors	1,522	1,697	2,265	2,241
VAT recoverable	211	211	132	132
Other debtors	69	69	-	-
Amount owed by subsidiary	-	-	-	308
Prepayments and accrued income	11	11	-	-
	1,813	1,988	2,397	2,681

16 Creditors: Amounts Falling due within one year

	Group	Company	Group	Company
	2017	2017	2016	2016
	£000	£000	£000	£000
Trade creditors	46	46	350	350
Other taxation and social security	52	34	-	-
ESFA creditor: abatement of GAG	-	-	-	-
Other creditors	3,772	3,772	2,776	3,061
Accruals and deferred income	243	238	143	134
	4,113	4,090	3,269	3,545

17 Creditors: Amounts Falling due in greater than one year

	Group	Company	Group	Company
	2017	2017	2016	2016
	£000	£000	£000	£000
Other Creditors	-	-	-	-
	-	-	-	-

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2017

18 Funds - group

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	(820)	3,568	(5,206)	62	(2,396)
Start Up Grant	-		(146)	-	(146)
Pupil Premium	-	124	(229)	-	(105)
Provision for boarding	166	733	(361)	-	538
Other grants	61	3,015	(3,508)		(432)
Pension reserve	(2,361)		-	(4,871)	(7,232)
	(2,954)	7,440	(9,450)	(4,809)	(9,773)
Restricted fixed asset funds					
Transfer on conversion	19,798	855	-	-	20,653
DfE/ESFA capital grants	53		-	-	53
Capital expenditure from GAG	95	-	(249)	(62)	(216)
Private sector capital sponsorship	-	-	-	-	-
	19,946	855	(249)	(62)	20,490
Total restricted funds	16,992	8,295	(9,699)	(4,871)	10,717
Total unrestricted funds	285	762	(43)	-	1,004
Total funds	17,277	9,057	(9,742)	(4,871)	11,721

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

Analysis of academies by fund balance	2017 £000	2016 £000
Park Campus Academy	(1,016)	(553)
Kennington Park Academy	(559)	(125)
Ramsden Hall Academy	138	147
Inspire Academy	194	222
Sutton House Academy	42	-
Victory Park Academy	(159)	-
Logic School Services C.I.C	(177)	-
Total before fixed assets and pension reserve	(1,537)	(309)
Restricted fixed asset fund	20,490	19,946
Pension reserve	(7,232)	(2,360)
Total	11,721	17,277

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2017

18 Funds - group (continued)

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	Total
	2017 £000	2017 £000	2017 £000	2017 £000	2017 £000	2016 £000
Park Campus Academy	2,767	79	199	413	3,458	5,301
Kennington Park Academy	1,081	13	47	298	1,439	1,229
Ramsden Hall Academy	1,832	105	187	449	2,573	856
Inspire Academy	847	56	145	249	1,297	1,497
Sutton House Academy	206	1	7	136	350	-
Victory Park Academy	186	7	5	135	333	-
Academy Trust	6,919	261	590	1,680	9,450	8,883

The trust is carrying a net deficit of £1,537K 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)
- Delay on the conversion to academy of Seabrook College
- 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 2017

19 Analysis of Net Assets between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	4	4
Tangible fixed assets	-	-	20,486	20,486
Current assets	1,862	714	-	2,576
Current liabilities	(858)	(3,255)	-	(4,113)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(7,232)	-	(7,232)
Total net assets	1,004	(9,773)	20,490	11,721

20 Capital Commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	-	-

21 Commitments under operating leases

Operating Leases

The total amounts due under non cancellable operating leases amounted to £3,000 (2016: £34,000) at the balance sheet date.

22 Reconciliation of Net Income/(expenditure) to Net

Cash Flow from Operating Activities

	2017 £000	2016 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(685)	13,779
<u>Adjusted for:</u>		
Amortisation	1	3
Depreciation charges	247	195
Capital grants from DfE and other capital income	-	(53)
(Increase)/decrease in stocks	(3)	(2)
(Increase)/decrease in debtors	584	(1,167)
Increase/(decrease) in creditors	844	29
Net cash provided by / (used in) Operating Activities	988	12,784

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2017

23 Cash Flows from Financing Activities	2017	2016
	£000	£000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

24 Cash Flows from Investing Activities	2017	2016
	£000	£000
Purchase of intangible fixed assets	-	(8)
Fixed assets inherited on conversion	(887)	(14,189)
Capital grants from DfE/ESFA	-	53
Net cash provided by / (used in) investing activities	(887)	(14,144)

25 Analysis cash and cash equivalents	At 31 August	At 31 August
	2017	2016
	£000	£000
Cash in hand and at bank	758	657
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	758	657

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.

	2017	2016
	£000	£000
Turnover	57	364
Cost of Sales	(23)	(46)
Gross Profit	34	318
Administrative expenses	(212)	(317)
Loss before taxation	(178)	1
Corporation tax payable @ 20%	-	-
Loss after corporation tax	(178)	1
Called up share	-	-
Net liabilities at 31 August 2017	(178)	1

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2017

27 Contingent Liabilities

At the balance sheet date there were amounts due from the London Borough of Lambeth (LBL) totalling £1.293m. These debts are disputed by LBL and the Directors have instructed the Trust's solicitors to commence recovery action. Based on the written assurances received from the solicitors in the previous year, 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 £1.293m.

In addition LBL claim the following which are currently not part of legal action:

1	Shortfall in pension contribution amounted to £929,000
2	Various other charges totalling £28,779
3	Ongoing interest and legal costs

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.

Notes continued on the next page

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2017

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
- Southend Borough Council

Both are multi-employer defined benefit pension schemes.

The LGPS actuarial valuations are not available for Park Campus and Kennington Park academies as at 31 August 2017. The liabilities for these academies have been included in the accounts at directors' best estimate of what the deficits would be under FRS102.

The latest actuarial valuation of the TPS related to the period ended 31 March 2017 and of the LGPS 31 August 2017.

The directors believe that there were no outstanding pension contributions at the end of the financial year. However, LBL is demanding an unsubstantiated pension contribution arrear of £929,000.

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 2017, 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 £669,164.

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 2017

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 following information exclude Kennington Park and Park Campus Academies.

The total contribution made for the year ended 31 August 2017 was £226,000 (2016: £73,000), of which employer's contributions totalled £171,000 (2016: £56,000) and employees' contributions totalled £55,000 (2016: £17,000) The agreed contribution rates for future years are 20.1 per cent for employers and 5.50 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

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	4.00%	4.30%
Rate of increase for pensions in payment/inflation	2.80%	2.50%
Discount rate for scheme liabilities	5.90%	3.90%
Inflation assumption (CPI)	2.70%	2.50%
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:

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	89.6	22.9
Females	99.2	25.3
<i>Retiring in 20 years</i>		
Males	98.1	25.2
Females	108.4	27.7

Sensitivity Analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

	£000's	£000's	£000's
Adjustment to discount rate	0.1%	0.0%	-0.1%
Present value of total obligation	4,965	5,102	5,244
Projected service cost	611	628	645
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present value of total obligation	5,129	5,102	5,075
Projected service cost	628	628	628
Adjustment to pension increases and deferred revaluation	0.1%	0.0%	-0.1%
Present value of total obligation	5,215	5,102	4,992
Projected service cost	645	628	611
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	5,265	5,102	4,943
Projected service cost	648	628	608

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2017

Pension and Similar Obligations (continued)

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equity instruments	1,305	210
Gifts	101	3
Other bonds	100	33
Property	201	44
Cash	61	7
Absolute return funds	16	0
Alternative assets	119	0
Other managed funds	67	0
Target Return Portfolio	0	14
Total market value of assets	1,970	311

The actual return on scheme assets was £163,000.

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost (net of employee contributions)	404	(46)
Interest on obligation	0	(11)
Net interest cost	52	6
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	0	-
Total operating charge	456	(51)

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

	2017 £'000	2016 £'000
At 1 September	4,722	473
Upon conversion	-	0
Current service cost	404	46
Interest cost	78	11
Changes in financial assumptions	(24)	-16
Changes in demographic assumptions	38	0
Employee contributions	61	11
Actuarial (gain)/loss	(169)	0
Estimated benefits paid net of transfer in	(8)	0
Benefits paid	-	0
Plan introductions, benefit changes, curtailments and settlements	-	0
At 31 August	5,102	525

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

	2017 £'000	2016 £'000
At 1 September	1,478	248
Upon conversion	0	-
Interest income	26	6
Return on plan assets (excluding net interest on the net defined pension liability)	150	10
Actuarial gain/(loss)	70	-
Employer contributions	193	36
Employee contributions	61	11
Benefits paid	-8	-
Plan introductions, benefit changes, curtailments and settlements	0	-
At 31 August	1,970	311

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2017 (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 Events after the end of the reporting period

Seabrook College was split into 2 academies on 1 July 2017 and became part of the PLT Group effective from 1 July 2017. It is understood from summer 2018, the 2 academies will be moving to new premises. The existing premises will revert to Southend Borough Council (SBC).

At 31 August 2017, the values attached to the land and building shown in the accounts were based on third party documentation provided by SBC for the new building. SBC is committed to purchasing the building for £795,000 and hand it over to the 2 academies. The existing equipment, currently located at the premises were valued at £60,000.

32 Agency arrangements

The trust had a number of agency arrangements with various different providers during the last academic year.

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Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August 2017
(continued)

33 Academy Boarding Trading Account

	2017 £'000	2017 £'000	2017 £'000	2016 £'000	2016 £'000	2016 £'000
Income						
Fee income		-			-	
Grants		733			414	
Other income		-			-	
		<u> </u>	733		<u> </u>	414
Expenditure						
Direct costs						
Goods and services	37			24		
Other direct costs	58			42		
Bad debt write offs	-			-		
Total direct costs		<u> </u>	95		<u> </u>	66
Indirect costs						
Staff costs	211			149		
Utilities	15			8		
Rent and rates	-			-		
Insurance	4			1		
Security	-			-		
Buildings maintenance	29			15		
Depreciation	11			6		
Other indirect costs	7			3		
Total indirect costs		<u> </u>	277		<u> </u>	182
Stock costs						
Opening stock	-			-		
Less closing stock	-			-		
Stock adjustment		<u> </u>	-		<u> </u>	-
Total operating costs			<u> </u>		<u> </u>	<u> </u>
			372		248	166
Surplus on Boarding			361		166	166
Surplus brought forward at 1 September 2016			<u> </u>		<u> </u>	<u> </u>
			166		-	-
Surplus carried forward at 31 August 2017			<u> </u>		<u> </u>	<u> </u>
			527		166	166

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2017

(continued)

34 Conversion to an Academy Trust

On 1 July 2017 Seabrook College was converted into academy status and became part of the Parallel Learning Trust (PLT) under the Academies Act 2010 and all the operations and assets and liabilities were transferred to PLT Limited from Southend Borough 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 corresponding amounts recognised in the Statement of Financial Activities under the heading 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.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000
Tangible fixed assets			
. Leasehold land and buildings	-	-	795
. Other tangible fixed assets	-	-	60
Bank balance	2	-	-
LGPS pension deficit	-	(984)	-
Net assets / (liabilities)	2	(984)	855