



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

**Consolidated Report and Financial Statements
Year ended 31 August 2018**

**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 J W Wotherspoon (appointed 9 November 2017) M Martell R Newlove R F Pugh A Smith M Ward (resigned 2 January 2018)
Company Secretary	R F Pugh (appointed 26 June 2018)
Senior Management Team: Chief Executive Officer Trust Resources Manager	M P Jordan M Peake
Company Name	Parallel Learning Trust
Principal and Registered Office	Parallel Learning Trust Suite 1, Baker House, Horsley Road, Bromley, BR1 3LB
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 2017 to 31 August 2018. The Directors confirm that the Annual Report and financial statements of the Academy Trust, comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005. The annual report serves the purposes of both at trustees' report and a directors' report under company law.

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

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

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

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

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.

Parallel Learning Trust

Directors' Report

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
- 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.

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Directors' Report

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:

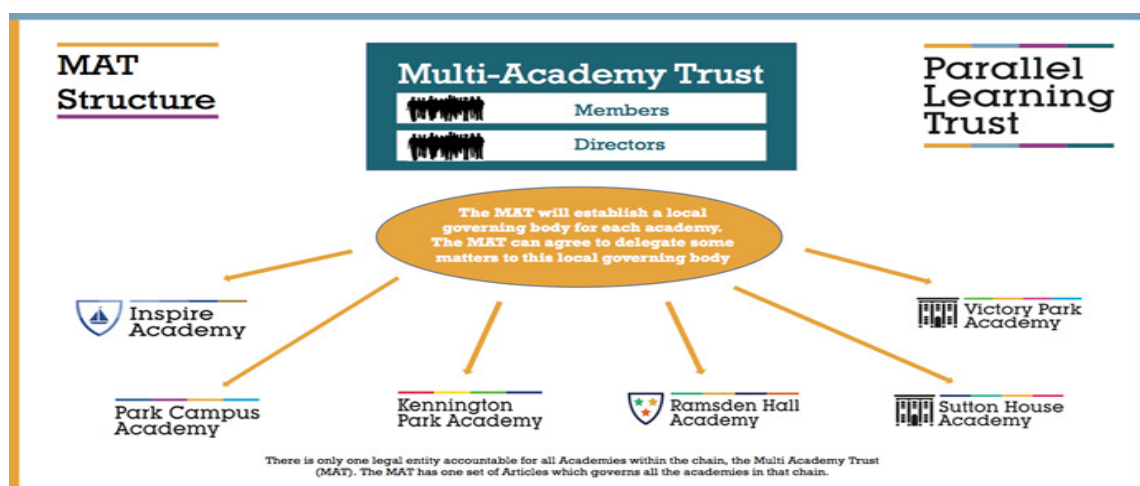
- Board of Directors
- Executive leadership Team
- Local Governing Body

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

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

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

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



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

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Directors' Report

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. Academy Councils

The above committee structure will be reviewed annually.

Local Governing Bodies

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

- The Family Committee
- 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 both academies from 01 September 2014 onwards. The subsidiary is included in the balance sheet as cost.

There are no related party transactions for the period.

Parallel Learning Trust

Directors' Report

Objectives and Activities

Objects and Aims

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

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

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

Objectives, Strategies and Activities

The Strategic Objectives are summarised as follows:

- 1 Ensure the build projects in Medway and Southend are completed on time, on budget and provide significantly enhanced learning environments for respective academies ensuring that Inspire Academy has the physical environment to support it moving out of Special Measures.
- 2 Raise standard of financial awareness, skills and monitoring across all academies providing appropriately detailed information to Academy Councils and the Board to inform business plans.
- 3 To build a 'family' of Good and Outstanding cross-phase Academies that provide the best possible outcomes for children through successful sponsorship of at least 1 school provision in 2017-18.
- 4 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

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

Public Benefit

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

Strategic Report

Achievements and Performance

Key Performance Indicators

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

Standards of Achievement

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

Standards of Achievement

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

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Directors' Report

Behaviour and Safety

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

Leadership and Management

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

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

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

PLT Academy performance by Ofsted judgement criteria

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

During 2017-18 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

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.

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Directors' Report

Of the newly converted academies there was a notable improvement in Inspire Academy's performance culminating in the provision securing a Good grading in every category from Ofsted in June 2018. In addition, the support from PLT enabled Wandle Valley to make rapid and sustained progress resulting in it also achieving a Good grading when inspected by Ofsted in March 2018. The new progress system P5 has been embedded in all 6 academies however it is still transferring data from the newly joined Southend provisions, these will be using the P5 system from September 2017. 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.



PLT Academies Dashboard (2017-2108)

Pupil Characteristics	Inspire	Sutton House	Victory Park	Ramsden Hall	Park Campus
Average APS:	17.54	21.92	26.58	23.06	26.42
All	8	9	26	13	32
Male	6 75.0%	6 66.7%	21 80.8%	13 100.0%	25 78.1%
Female	2 25.0%	3 33.3%	5 19.2%	0 0%	7 21.9%
Non SEND	0 0%	0 0%	1 3.8%	0 0%	20 62.5%
SENDK	1 12.5%	0 0%	25 96.2%	0 0%	10 31.3%
SENDE	7 87.5%	9 100.0%	0 0%	13 100.0%	2 6.3%
Higher	0 0%	0 0%	1 3.8%	1 7.7%	2 6.3%
Middle	2 25.0%	6 66.7%	21 80.8%	7 53.8%	25 78.1%
Lower	6 75.0%	2 22.2%	1 3.8%	4 30.8%	2 6.3%
No KS2	0 0	1 11.1%	3 11.5%	1 7.7%	3 9.4%
Pupil Premium	6 75.0%	8 88.9%	12 46.2%	9 69.2%	20 62.5%
Non Pupil Premium	2 25.0%	1 11.1%	14 53.8%	4 30.8%	11 34.4%

Across all of our academies we use a Progress 5 / Attainment 5 measure to rate performance of students. This is because using the mainstream Progress 8 / Attainment 8 would be unfair given the difference in curriculum that our students study. The following is a rationale for Progress 5.

Progress 5 (P5) works on a similar principle to Progress 8 but with fewer 'buckets'

1. 'English Bucket' which is double weighted points,
2. 'Mathematics Bucket' again which is double weighted points,
3. 'Open Bucket' where 3 additional GCSE and or Vocational equivalents points can go.

P5 consists effectively from a total of 7 subjects (Eng X2, Ma X2, + 3 other subjects) this score is then compared to national Attainment 8 points but factored by 70% (as Progress 8 effectively comes from 10 subjects - Eng x2, Maths x 2, 3 EBBAC points and 3 Open points)

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Directors' Report

This provides a fair, consistent way for us to compare and contrast performance of students across our Trust. The table below highlights that all 5 Academies that have secondary aged students have all increased their performance compared to last academic year. The highest performing Academy was VPA with an average point score of 26.58 which is fractionally higher than even PCA managed at 26.42. It is important to note that since PLT has been supporting VPA from Jan 2017, it increased its GCSE 1-9 scores by 27% last summer and by a further 12% this summer as a direct result of improved quality first teaching and a stronger curriculum and course offer reflecting the needs of the cohort. It is also pleasing to see all but 1 Academy (Inspire) were able to achieve an average point score in excess of 20 points.

PLT Academies Dashboard (2017-2108)																				
Average APS:	Inspire				Sutton House				Victory Park				Ramsden Hall				Park Campus			
	17.54				21.92				26.58				23.06				26.42			
	Cohort	P5	Cohort	A5	P5	Cohort	A5	P5	Cohort	A5	P5	Cohort	A5	P5	Cohort	A5				
All	8	-1.21	8	7.56	8	-1.28	9	10.39	23	-1.69	26	15.02	12	-2.45	13	4.92	29	-1.23	32	18.89
Male	6	-1.09	6	8.92	5	-1.52	6	9.00	20	-1.69	21	16.17	12	-2.45	13	4.92	23	-1.12	25	18.68
Female	2	-1.55	2	3.50	3	-0.88	3	13.17	3	-1.72	5	10.20	0		0		6	-1.64	7	19.64
Pupil Premium	6	-1.28	6	8.00	7	-1.16	8	11.31	10	-1.98	12	11.04	9	-2.56	9	5.33	20	-1.59	20	17.70
Non Pupil Premium	2	-0.99	2	6.25	1	-2.15	1	3.00	13	-1.47	14	18.43	3	-2.12	4	4.00	9	-0.42	11	21.86
Higher	0		0		0		0		1	-2.03	1	33.50	1	-3.82	1	16.00	2	-2.23	2	28.25
Middle	2	-2.27	2	8.50	6	-1.39	6	12.75	21	-1.72	21	15.29	7	-2.57	7	6.21	25	-1.23	25	18.76
Lower	6	-0.85	6	7.25	2	-0.96	2	6.50	1	-0.79	1	11.00	4	-1.90	4	1.13	2	-0.19	2	13.25

Another key area to identify is that Pupil Premium students achieve better than Non-Premium students in 3/5 Academies but not in VPA or PCA and so these should be identified as target areas for improvement for this year's Yr 11 cohort. The other key trend to identify is the scores of lower ability students, it is better for students to achieve a P5 score closer to 0, demonstrating higher progress scores. All apart from 1 Academy has a P5 score of lower than 1 which is very good considering that a typical student of average ability in a mainstream setting would achieve a P5 score of 0.5 to -0.5 with the strongest performance coming at PCA. In contrast it is as notable that the performance of more cognitively more able students is less strong with no Higher ability cohort in any Academy scoring better than -2.00 and Middle ability students also performing less well.

PLT Academies Dashboard (2017-2108)																				
Average APS:	Inspire				Sutton House				Victory Park				Ramsden Hall				Park Campus			
	17.54				21.92				26.58				23.06				26.42			
	Cohort	P5	Cohort	A5	P5	Cohort	A5	P5	Cohort	A5	P5	Cohort	A5	P5	Cohort	A5				
All	8	-1.21	8	7.56	8	-1.28	9	10.39	23	-1.69	26	15.02	12	-2.45	13	4.92	29	-1.23	32	18.89
Y7	3	-0.65	3	11.83	0		0		0		0		6	-1.97	7	5.36	0		0	
Y8	1	-0.24	1	11.00	0		0		1	-1.16	1	18.00	2	-2.55	2	4.25	4	-1.26	4	13.88
Y9	2	-2.54	2	1.50	2	-1.96	2	2.00	5	-2.17	5	10.40	2	-3.13	2	1.00	6	-1.30	6	15.83

Progress of students at KS3 :

The progress of students at KS3 is also interesting to analyse as it shows a consistent pattern across all of our Academies. In all but 1 of the Academies the rate of progress steadily decreases from Yr 7, through Yr 8 and continues to decrease in Yr 9. It is fair to conclude that there is need to review the curriculum at the end of KS3 and in particular look at accreditations that students can achieve in Yr 9.

There are two main areas targeted for improvement;

- Raise progress at KS3 specifically in Yr 9 through reviewing the curriculum offer and accreditations
- Raise progress and achievement of the Middle and Higher ability students

Parallel Learning Trust

Directors' Report

The following is a position statement for each academy as of 1/9/18 that highlights some of the challenges and key progress made throughout 2017-18 :

Ramsden Hall Academy

The Residential aspect of the provision were judged to be Good (6-8 February 2018) this maintains the Good standard and a priority is now to aim towards securing an Outstanding judgement next year. 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 Acting Head of Academy performed exceedingly well throughout the year and has now been made substantive. 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. A substantive Head of Care role has been created and, after an extensive external recruitment process in the summer 2018, an appointment to commence from September 2018 has been made. This has also allowed leaders to supportively challenge the middle management tier with allocated responsibility positions.

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. Essex County Council has now consulted with us to increase numbers to 100 pupils going forward. In addition, the academy has embedded good practice for Trust's Behaviour Management system and is piloting the new Safeguarding feature within it before reviewing this and rolling it out across the Trust. Priority Schools Building Programme Two (PSB2) is currently being scoped by the Education Funding Agency (EFA) and we envisage new build additions to both residential and education provision, whilst full approval was received in early 2018, the project delivery has been delayed as the company that won the tender process has now withdrawn and resulting in work scheduled to start in April 2019 has very recently been delayed until the end of the summer 2019. The current proposed development programme is costed as £9.2 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

Inspire Academy

Inspire Academy is a SEMH Special Academy for secondary aged students that was consistently graded as Inadequate by an EFA Consultant in 4 visits over a 2 ½ year period, furthermore, the provision was inspected by Ofsted in January 2016 and graded as Inadequate in all areas. In June 2018 a full DfE inspection confirmed that the provision had improved and was officially Good in all areas, evidencing the excellent work that the Trust does in supporting and enabling provisions to improve. Currently the Academy works with students who have an Education Health & Care Plan (EHC Plan) for Social Emotional and Mental Health (SEMH) issues. 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 but after the successful Ofsted Inspection this has swiftly swollen to 49 pupils.

The planned building programme has seen yet further delays. Initial refurbishment works in the summer of 2017 were of poor quality and have created numerous operational issues throughout the year, some of which remain unresolved. Failure to provide an appropriate solution will have a negative effect on the Trust. Upon conversion the Trust was given assurances that the delivery of the build programme would increase pupil numbers up to 80 in September 2018 from the current 40. This prevents the Trust from making the academy more efficient due to a combination of lower than expected pupil numbers and a more efficient staffing structure/pupil ratio.

The Headteacher has now been made substantive after an initial 1 year fixed term contract.

Kennington Park Academy

Teaching remains consistently good, a particular strength of the teaching currently is the focus on greater depth in maths through problem solving. Questioning is strong and encourages pupils to develop their ideas. The next challenge for staff is to ensure that all students, even those in disadvantaged groups achieve as well as others. Reintegration rates back to mainstream are good but it is noted that these had slowed slightly, as predicted, after the reduction in Outreach staff following a significant reduction in funding from LBL.

A new development is the conversion of existing rooms to be used to deliver an SEMH resource base provision which is scheduled to be open from September 2018. This development is in response to meeting the needs of LBL, reduces their spend on the High Needs Funding Block as well as bringing in additional revenue into KPA.

The senior team, led by the Headteacher, know the strengths and weaknesses of the academy very well. A new middle management tier of responsibilities has been developed to help build capacity and empower the staff team. The range of interventions available. These include reading and comprehension programmes, Lexia, play therapy, Speech & Language. The interventions are many and varied and are designed to meet the individual needs of pupils. 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.

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Directors' Report

Park Campus Academy

This academic year has presented the leadership team with significant successes and challenges. The challenges for 2017-18 have been significant in relation to the safeguarding as 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. 5

As part of an efficiency review the provision implemented a restructure as of 1/4/18 and it is noted that 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 as well as doing this all year round whilst working within the new staffing structure. 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 expect

Park Campus was also one of the few provisions of its type in the country to achieve the Level 3 Careers Mark Award underlining the value and work done to build brighter futures for Lambeth's young people.

Victory Park Academy & Sutton House Academy

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 was significant delay in moving to the new Wentworth site as a result of protracted negotiations with SBC and the previous Trust that owned the Wentworth site. The proposed site move was deferred several times and the building did not officially handover until 13th August 2018. This severely limited the impact PLT was able to have on moving the provisions forward as both cohorts of students remained mixed for the whole year. The Trust could also not make expected savings as the provisions had to withstand running over 4 sites for 3/3 of the year instead of the anticipated 1/3.

There were also significant changes to the SLT with both the Executive Headteacher and SENCO leaving in April and August 2018 respectively. Neither posts have been appointed to as part of an efficiency review whilst ensuring there are funds available to further separate the two leadership teams of both SHA and VPA.

Trust wide developments / Key achievements

One of the key achievements about the Trust in 2017-18 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.

Parallel Learning Trust

Directors' Report

Going Concern

After making appropriate enquiries and taking into account the disclosures made in notes 1 and 27 to the accounts, 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

A tremendous amount of work has been completed in improving core systems and improving clarity of functions within the finance team and how it interfaces with the individual academies which as a result of more frequent monitoring and training as well as a change in personnel has vastly improved the integrity and accuracy in the data. The Finance committee has approved a new financial structure which further refines responsibilities and processes and creates a more robust cross checking system that will strengthen practice. These new roles all have specific financial qualifications as a requirement which highlights the increased competency with PLT both centrally in the Trust and in its academies.

The statutory accounts for 2017-18 present a surplus in reserves (excluding pension deficit) of £18.6m. The SOFA shows in year losses of £322k for 17-18. This represents a significant reduction in losses of 53% when compared to 16-17 where £685k deficit was suffered. It must be recognised that significant challenges remain for the Trust to return the reserves position to positive and the actions being taken/considered do not form part of this report. The audit key findings are fairly similar to last year. Whilst significant progress has been made this academic year due to the complexity of some of the High priorities in the Audit findings, whilst it is disappointing that the picture remains similar to last financial year, it was anticipated that these would remain the same.

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. The Finance Committee have challenged the executive team to deliver a strategy that ensures all academies operate within a 4-5% surplus budget situation by end of 2018-19 financial year.

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 2017-18 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. This has been externally validated at the Trusts annual MAT audit with the RSC in September 2017 and November 2018. 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 EFA 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.

Future growth

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 Autumn 2018. PLT is also working with LBL to develop a new SEMH resource base provision at both KPA and PCA for up to 16 pupils at each site and an extension of the Lewisham commissioning arrangement. The Trust also submitted a bid for a new SEMH residential provision in Medway and has been invited to formal interview stage in January 2019. This project is in line for delivery in September 2020.

Maintain adequate funding of pension liabilities

The financial statement reports the share of the pension scheme deficit on PLT's balance sheet in line with the requirement of FRS 102. This has been proven difficult as LBL had not calculated this figure for 4 years however the Board have agreed that a strategy must be created to meet this risk area.

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 12/12/2018 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 7 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	7
R Newlove – (Vice Chair)	6	7
M Jordan (CEO)	7	7
M Martell	6	7
A Smith	6	7
M Ward (resigned 2 January 2018)	6	6
R Pugh	5	7
J Wotherspoon (appointed 9 November 2017)	2	5

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	3	3
R Newlove	1	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 2018 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 12 December 2018 and signed on its behalf by:

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

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M P Jordan

Director

Dated: 12 December 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 2017 to 2018
- 3 make judgments and accounting estimates that are reasonable and prudent
- 4 state whether applicable UK Accounting Standards 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 12 December 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 2018 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 group's and of the company's affairs as at 31 August 2018 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 2017 to 2018.

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 notes 1 and 27 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 and continuing with the successful implementation of the restructuring strategy aimed to reduce costs and securing additional funding. Otherwise the 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 for the financial statements

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.

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CT Munir FCA

Senior statutory auditor

for and on behalf of

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

Dated:

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 2017 to 2018, 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 2018 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 2017, 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 2017 to 2018. 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 2018 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 2017 to 2018 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 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 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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Reporting Accountant

CTMP Accountants Ltd

Dated:

Parallel Learning Trust

Consolidated Statement of Financial Activities for the year ended 31 August 2018 (including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
	Note	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	3	32	4	-	36	45
Transfer from local authority on conversion	34	102	-	-	102	857
Charitable activities:						
Funding for the academy trust's educational operations	4	456	9,798	75	10,329	7,042
Provision of boarding activities	33		779	-	779	733
Other trading activities	5	177	-	-	177	380
Investments	6	-	-	-	-	-
Total		767	10,581	75	11,423	9,057
Expenditure on:						
Raising funds	7	-	-	-	-	43
Charitable activities:						
Academy trust educational operations	7	1,200	9,608	235	11,043	9,327
Provision of boarding activities	33	-	686	12	698	372
Other		-	-	4	4	-
Total		1,200	10,294	251	11,745	9,742
Net income / (expenditure)		(433)	287	(176)	(322)	(685)
Transfers between funds	18	-	-	-	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	18,29	-	412	-	412	(4,871)
Net movement in funds		(433)	699	(176)	90	(5,556)
Reconciliation of funds						
Total funds brought forward		1,004	(9,773)	20,490	11,721	17,277
Total funds carried forward		571	(9,074)	20,314	11,811	11,721

All of the Trust's activities derive from continuing operations during the above two financial periods. The results of Logic School Services C.I.C have been consolidated within the financial statements of the Trust.

Parallel Learning Trust

Balance Sheets as at 31 August 2018

Company Number 08605705

		Group	Company	Group	Company
		2018	2018	2017	2017
	Notes	£000	£000	£000	£000
Fixed assets					
Intangible assets	12	-	-	4	4
Tangible assets	13	20,314	20,314	20,486	20,486
		20,314	20,314	20,490	20,490
Current assets					
Stock	14	6	6	5	5
Debtors	15	2,246	2,793	1,813	1,988
Cash at bank and in hand		475	469	758	736
		2,727	3,268	2,576	2,729
Liabilities					
Creditors: Amounts falling due within one year	16	(4,410)	(4,759)	(4,113)	(4,090)
Net current assets/(liabilities)		(1,683)	(1,491)	(1,537)	(1,361)
Total assets less current liabilities		18,631	18,823	18,953	19,129
Creditors: Amounts falling due after more than one year	17	-	-	-	-
Net assets excluding pension liability		18,631	18,823	18,953	19,129
Defined benefit pension scheme liability	29	(6,820)	(6,820)	(7,232)	(7,232)
Total net assets		11,811	12,003	11,721	11,897
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	18	20,314	20,314	20,490	20,490
. Restricted income fund	18	(2,254)	(2,254)	(2,541)	(2,541)
. Pension reserve	18	(6,820)	(6,820)	(7,232)	(7,232)
Total restricted funds		11,240	11,240	10,717	10,717
Unrestricted income funds	18	571	763	1,004	1,180
Total funds		11,811	12,003	11,721	11,897

The financial statements on pages 23 to 46 were approved by the directors, and authorised for issue on 12 December 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 2018

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	(208)	988
Cash flows from investing activities	24	(75)	(887)
Cash flows from financing activities	23	-	-
Change in cash and cash equivalents in the reporting period		(283)	101
Cash and cash equivalents at 1 September 2017		758	657
Cash and cash equivalents at the 31 August 2018	25	475	758

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2018

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 2017 to 2018 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 funding claims, some of which continue to escalate but which have previously been estimated at approximately £379,036. At the balance sheet date the total amounts due from LBL amounted to £1.622m.

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 Trust made pre-agreed repayments of £28,333 per month since February 2018 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.

The solicitors representing the Trust have confirmed that the settlement discussions are at an advanced stage and it is hoped that this will lead to a resolution of the litigation soon.

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 2018

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 2018

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 2018

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 2018. 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 2018 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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	£6.82 mi
Pension reserve - restricted fund	£6.82 mi

Consolidated Statement of Financial Activities

Actuarial (losses) / gains on defined benefit pension schemes £412,000.

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2018

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2018 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 2018.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Capital Grants	29	4	33	45
Donated fixed assets	-	-	-	-
Donations	3	-	3	-
	32	4	36	45

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
DfE / ESFA grants				
. General Annual Grant (GAG)	-	7,664	7,664	3,568
. Start Up Grants	-	-	-	-
. Other DfE/ESFA grants	-	-	-	87
	-	7,664	7,664	3,655
Other Government grants				
. Local authority grants	395	2,988	3,383	3,387
. Special educational projects	-	-	-	-
	395	2,988	3,383	3,387
Other income from the academy trust's educational operations	61	-	61	-
	456	10,652	11,108	7,042

5 Other Trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
School Commission Income	180	-	180	576
Hire of facilities	13	-	13	8
Net income/(loss) from Subsidiary	(16)	-	(16)	(204)
	177	-	177	380

6 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Short term deposits	-	-	-	-
	-	-	-	-

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2018

(continued)

7 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2018	2017
	£000	£000	£000	£000	£000
Expenditure on raising funds	-	-	-	-	43
Academy's educational operations:					
. Direct costs	6,490	-	834	7,324	7,864
. Allocated support costs	2,180	757	786	3,723	1,463
Boarding activities:					
. Direct costs	-	-	101	101	95
. Allocated support costs	527	63	7	597	277
	9,197	820	1,728	11,745	9,742

Net income/(expenditure) for the period includes:

	2018	2017
	£000	£000
Operating lease rentals	15	16
Depreciation	248	247
(Gain)/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)	4	2
Fees payable to auditor for:		
- audit	39	34
- other services	4	6

8 Charitable Activities

	Total	Total
	2018	2017
	£000	£000
Direct costs – educational operations	7,324	7,864
Direct costs – boarding	101	95
Support costs – educational operations	3,723	1,430
Support costs – boarding	597	277
	11,745	9,666

Analysis of support costs

	Boarding	Educational operations	Total	Total
			2018	2017
	£000	£000	£000	£000
Support staff costs	527	2,180	2,707	775
Depreciation	12	236	248	246
Technology costs	-	75	75	150
Premises costs	51	521	572	387
Other support costs	7	672	679	148
Governance costs	-	39	39	34
Total support costs	597	3,723	4,320	1,740

Parallel Learning Trust **Notes to the Financial Statements for the year ended 31 August** **2018(continued)**

9 Staff

a. Staff costs

Staff costs during the period were:

	Total	Total
	2018	2017
	£000	£000
Wages and salaries	7,244	5,526
Social security costs	660	662
Operating costs of defined benefit pension schemes	1,131	890
	9,035	7,078
Supply staff costs	-	-
Staff restructuring costs	162	36
	9,197	7,114
Staff restructuring costs comprise:		
Redundancy payments	106	20
Severance payments	-	-
Other restructuring costs	56	16
	162	36

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs is a single non-statutory/non-contractual severance payment of £106,000 (2017:£20,000).

c. Staff numbers

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

	2018	2017
	No.	No.
Teachers	59	85
Administration and support	97	190
Management	15	18
	171	293

d Higher paid staff

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

	2018	2017
	No.	No.
£60,001 - £70,000	10	3
£70,001 - £80,000	5	4
£80,001 - £90,000	3	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	1
£140,001-£150,000	-	-
£150,001-£160,000	-	-
£160,001-£170,000	-	-
£170,001-£180,000	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 £242,582 (2017: £210,097).

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2018

(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 £150,000 - £155,000 (2017: £140,000 - £145,000)
- . Employer's pension contributions paid £nil (2017: £15,000 - £20,000)

During the period ended 31 August 2018, travel and subsistence expenses totalling £4,958 were reimbursed or paid directly to 1 director (2017: £4,944 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 2018 was £10,449 (2017: £10,449). The cost of this insurance is included in the total insurance cost.

12 Intangible Fixed Assets - group & company

	Computer Software £000	Total £000
Cost		
At 1 September 2017	8	8
Disposal	-	-
At 31 August 2018	8	8
Amortisation		
At 1 September 2017	4	4
Charged in year	4	4
At 31 August 2018	8	8
Carrying amount		
At 31 August 2018	-	-
At 31 August 2017	5	5

Parallel Learning Trust
Notes to the Financial Statements for the year ended 31 August 2018
(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 2017	-	20,488	94	461	23	21,066
Additions	-	32	38	5	-	75
Disposals	-	-	-	-	-	-
At 31 August 2018	-	20,520	132	466	23	21,141
Depreciation						
At 1 September 2017	-	328	1	237	14	580
Charged in year	-	166	18	58	5	247
Disposals	-	-	-	-	-	-
At 31 August 2018	-	494	19	295	19	827
Net book values						
At 31 August 2018	-	20,026	113	171	4	20,314
At 31 August 2017	-	20,160	93	224	9	20,486

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 2018. 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 2018

14 Stock

	Group 2018 £000	Company 2018 £000	Group 2017 £000	Company 2017 £000
Clothing	2	2	2	2
Catering	4	4	3	3
	6	6	5	5

15 Debtors

	2018 £000	2018 £000	Group 2017 £000	Company 2017 £000
Trade debtors	1,881	1,871	1,522	1,697
VAT recoverable	193	193	211	211
Other debtors	128	128	69	69
Amount owed by subsidiary	-	557	-	-
Prepayments and accrued income	44	44	11	11
	2,246	2,793	1,813	1,988

16 Creditors: Amounts falling due within one year

	Group 2018 £000	Company 2018 £000	Group 2017 £000	Company 2017 £000
Trade creditors	418	408	46	46
Other taxation and social security	184	169	52	34
ESFA creditor: abatement of GAG	-	-	-	-
Other creditors	3,467	3,462	3,772	3,772
Amount owed by subsidiary	-	379	-	-
Accruals and deferred income	341	341	243	238
	4,410	4,759	4,113	4,090

17 Creditors: Amounts falling due after more than one year

	Group 2018 £000	Company 2018 £000	Group 2017 £000	Company 2017 £000
Other Creditors	-	-	-	-
	-	-	-	-

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2018

18 Funds - group

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	(2,396)	7,664	(5,725)	-	(457)
Start Up Grant	(146)	-	(146)	-	(292)
Pupil Premium	(105)	164	(229)	-	(170)
Provision for boarding	538	779	(686)	-	631
Other grants	(432)	1,974	(3,508)	-	(1,966)
Pension reserve	(7,232)	-	-	412	(6,820)
	(9,773)	10,581	(10,294)	412	(9,074)
Restricted fixed asset funds					
Transfer on conversion	20,653	-	-	-	20,653
DfE/ESFA capital grants	53	-	75	-	128
Capital expenditure from GAG	(216)	-	(251)	-	(467)
Private sector capital sponsorship	-	-	-	-	-
	20,490	-	(176)	-	20,314
Total restricted funds	10,717	10,581	(10,470)	412	11,240
Total unrestricted funds	1,004	767	(1,200)	-	571
Total funds	11,721	11,348	(11,670)	412	11,811

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

Analysis of academies by fund balance	2018 £000	2017 £000
Park Campus Academy	(1,297)	(1,016)
Kennington Park Academy	(649)	(559)
Ramsden Hall Academy	373	138
Inspire Academy	197	194
Sutton House Academy	(169)	42
Victory Park Academy	54	(159)
Logic School Services C.I.C	(192)	(177)
Total before fixed assets and pension reserve	(1,683)	(1,537)
Restricted fixed asset fund	20,314	20,490
Pension reserve	(6,820)	(7,232)
Total	11,811	11,721

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2018

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
	2018	2018	2018	2018	2018	2017
	£000	£000	£000	£000	£000	£000
Park Campus Academy	2,104	509	83	533	3,229	3,458
Kennington Park Academy	1,006	289	38	182	1,515	1,439
Ramsden Hall Academy	1,462	475	129	317	2,383	2,573
Inspire Academy	444	562	163	225	1,394	1,297
Sutton House Academy	528	430	133	210	1,300	350
Victory Park Academy	773	532	338	327	1,969	333
Academy Trust	6,317	2,797	884	1,794	11,790	9,450

The trust is carrying a net deficit of £1,683K 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's in capital building works (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 2018

19 Analysis of Net Assets between Funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	20,314	20,314
Current assets	1,862	865	-	2,727
Current liabilities	(1,155)	(3,255)	-	(4,410)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(6,820)	-	(6,820)
Total net assets	571	(9,074)	20,314	11,811

20 Capital Commitments

	2018 £000	2017 £000
Contracted for, but not provided in the financial statements	-	-

21 Commitments under operating leases

Operating Leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
Amount due within one year	12	15
Amount due between one and five years	10	13
Amount due after five years	-	-
	22	28

22 Reconciliation of Net Income/(expenditure) to Net Cash Flow from Operating Activities

	2018 £000	2017 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(322)	(685)
<u>Adjusted for:</u>		
Depreciation charges	247	247
Amortisation of goodwill	4	1
Capital grants from DfE and other capital income	-	-
(Increase)/decrease in stocks	(1)	(3)
(Increase)/decrease in debtors	(433)	584
Increase/(decrease) in creditors	297	844
Net cash provided by / (used in) Operating Activities	(208)	988

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2018

23 Cash Flows from Financing Activities

	2018	2017
	£000	£000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

24 Cash Flows from Investing Activities

	2018	2017
	£000	£000
Purchase of intangible fixed assets	-	-
Fixed assets inherited on conversion	(75)	(887)
Capital grants from DfE/ESFA	-	-
Net cash provided by / (used in) investing activities	(75)	(887)

25 Analysis cash and cash equivalents

	At 31 August	At 31 August
	2018	2017
	£000	£000
Cash in hand and at bank	475	758
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	475	758

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.

	2018	2017
	£000	£000
Turnover	7	57
Cost of Sales	(9)	(23)
Gross Profit	(2)	34
Administrative expenses	(14)	(212)
Loss before taxation	(16)	(178)
Corporation tax	-	-
Loss after corporation tax	(16)	(178)
Profit/(loss) brought forward	(176)	2
Called up share	-	-
Net liabilities at 31 August 2018	(192)	(176)

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2018

27 Contingent Liabilities

At the balance sheet date there were amounts due from the London Borough of Lambeth (LBL) totalling £1.622m. 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 £1.622m.

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

The directors have not received any substantiated evidence from LBL regarding £929,000 and therefore do not accept any liability in respect of these claims. On that basis no provision has been made in the accounts. Should this claim prove to be successful the net assets of the Trust will decrease accordingly.

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 2018

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 latest actuarial valuation of the TPS related to the period ended 31 March 2018 and of the LGPS 31 August 2018.

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

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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £500,146 (2017: £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 2018

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 figures exclude Kennington Park and Park Campus Academies.

The total contribution made for the year ended 31 August 2018 was £328,000 (2017: £226,000), of which employer's contributions totalled £248,200 (2017: £171,000) and employees' contributions totalled £79,800 (2017: £55,000). 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 2018	At 31 August 2017
Rate of increase in salaries	4.00%	4.00%
Rate of increase for pensions in payment/inflation	2.80%	2.80%
Discount rate for scheme liabilities	5.90%	5.90%
Inflation assumption (CPI)	2.70%	2.70%
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 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.5	22.4
Females	24.9	24.8
<i>Retiring in 20 years</i>		
Males	24.7	24.5
Females	27.2	27.1

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. These exclude PCA and KPA.

	£000's	£000's	£000's
Adjustment to discount rate	0.1%	0.0%	-0.1%
Present value of total obligation	5,084	5,225	5,370
Projected service cost	523	539	555
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present value of total obligation	5,244	5,225	5,206
Projected service cost	539	539	539
Adjustment to pension increases and deferred revaluation	0.1%	0.0%	-0.1%
Present value of total obligation	5,351	5,125	5,103
Projected service cost	555	539	523
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	5,403	5,225	5,062
Projected service cost	556	539	522

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2018

Pension and Similar Obligations (continued)

The academy's share of the assets in the scheme were (excluding PCA & KPA):

	Fair value at 31 August 2018	Fair value at 31 August 2017
	£000	£000
Equity instruments	1,617	1,305
Gifts	111	101
Other bonds	162	100
Property	242	201
Cash	282	61
Absolute return funds	35	16
Alternative assets	178	119
Other managed funds	76	67
Target Return Portfolio	-	-
Total market value of assets	2,703	1,970

Amounts recognised in the statement of financial activities

	2018	2017
	£000	£000
Current service cost (net of employee contributions)	627	404
Interest on obligation	-	-
Net interest cost	77	52
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	704	456

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

	2018	2017
	£'000	£'000
At 1 September	5,102	4,722
Upon conversion	-	-
Current service cost	627	404
Interest cost	133	78
Changes in financial assumptions	(711)	(24)
Changes in demographic assumptions	-	38
Employee contributions	38	61
Actuarial (gain)/loss	-	(169)
Estimated benefits paid net of transfer in	36	(8)
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	5,225	5,102

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

	2018	2017
	£'000	£'000
At 1 September	1,970	1,478
Conversion of academy trusts	-	-
Interest income	56	26
Return on plan assets (excluding net interest on the net defined pension liability)	70	150
Actuarial gain/(loss)	-	70
Employer contributions	390	193
Employee contributions	38	61
Benefits paid	(19)	(8)
Effect of non-routine settlements	-	-
At 31 August	2,505	1,970

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2018 (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

Since the balance sheet date a new academy, Wandle Valley School, joined the Trust.

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 2018 (continued)

33 Academy Boarding Trading Account

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Income						
Fee income					-	
Grants		779			733	
Other income					-	
			779			733
Expenditure						
Direct costs						
Goods and services	39			37		
Other direct costs	62			58		
Bad debt write offs	-			-		
Total direct costs		101			95	
Indirect costs						
Staff costs	527			211		
Utilities	16			15		
Insurance	4			4		
Buildings maintenance	31			29		
Depreciation	12			11		
Other indirect costs	7			7		
Total indirect costs		597			277	
Stock costs						
Opening stock	-			-		
Less closing stock	-			-		
Stock adjustment		-			-	
Total operating costs			698			372
Surplus on Boarding			81			361
Surplus brought forward at 1 September 2017			527			166
Surplus carried forward at 31 August 2018			608			527

Parallel Learning Trust

Notes to the Financial Statements for the year ended 31 August 2018

(continued)

34 Transfer from Local Authority

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 fund transferred from the local authority which was accounted during the year.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds
	£000	£000	£000
Bank balance	102		
Net assets / (liabilities)	102	-	-