

Parallel Learning Trust
(A Company Limited by Guarantee)
Consolidated Reports and Financial
Statements Year ended 31 August 2015

Company Registration Number:
08605705 (England and Wales)

Parallel Learning Trust

Contents

	Page
Reference and Administrative Details	3
Directors' Report	4-22
Governance Statement	23-26
Statement on Regularity, Propriety and Compliance	27
Statement of Directors' Responsibilities	28
Independent Auditor's Report on the Financial Statements	29-30
Independent Reporting Accountant's Report on Regularity	31-32
Consolidated Statement of Financial Activities incorporating Income & Expenditure Account	33
Balance Sheets	34
Consolidated Cash Flow Statement	35
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	36-57

Parallel Learning Trust

Reference and Administrative Details

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

Founding members

R F Pugh
M Ward
V M D C Da Silva

Directors

R A Neal (Chair)
R Leonard
V M D C Da Silva
M Martell (appointed 20/10/2014)
R Newlove
R F Pugh
A Smith (appointed 1/10/2014)
M Ward

Company Secretary

Geldards LLP

Senior Management Team:

Principal/Chief Executive Officer
Finance Director/CFO
Commercial & HR Director

R Leonard
M Ali
K Ronan

Principal and Registered Office

Park Campus Academy
Gipsy Road, West Norwood
London, SE27 9NP

Company Registration Number

08605705 (England and Wales)

Independent Auditor

CTM Partnership Ltd
Chartered Accountants
Wickham Road
Croydon, CR0 8ED

Bankers

Lloyds Bank Plc
George Street
Croydon, CR9 2NS

Solicitors

Geldards LLP
Enterprise House
1-2 Hatfieldsgate
London, SE1 9PG

Parallel Learning Trust

Directors' Report

The Directors (who are also Trustees of the charity for the purpose of the Charities Act) present their annual report together with the audited financial statements and Auditors' report of the Parallel Learning Trust (the Trust) for the period from 1 September 2014 to 31 August 2015. The Directors confirm that the Annual Report and financial statements of the Academy Trust, comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

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

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

The Trust was granted Academy Sponsor Status in February 2015 enabling the Trust to sponsor other alternative provision settings, special schools and primary schools. The Trust has subsequently worked with the Department for Education on a number of projects that have led to the Trust being named the preferred sponsor for three special schools: Subject to ministerial approval, the Trust should convert its first 'sponsored academy' in April 2016 and a further two in September 2016.

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

Structure, Governance and 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 3.

Members' Liability

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

Directors' Indemnities

A Director may benefit from any indemnity insurance, up to £2,000,000, purchased at the Trust's expense, to cover the liability of the Directors, which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Directors knew to be a breach of duty or was committed by the Directors in reckless disregard to whether it was a breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the directors in their capacity as Directors of the Parallel Learning Trust.

Parallel Learning Trust

Directors' Report (continued)

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:

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

Policies and Procedures Adopted for the Induction and Training of Directors

Potential directors are recruited through:

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

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

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

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

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

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

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

Induction and Training of Directors

All directors should receive:

- An organisational chart
- A copy of the previous year's annual report and financial report
- A copy of the memorandum and articles of association

Parallel Learning Trust

Directors' Report (continued)

- A copy of the previous board meeting minutes
- A copy of the business plan
- Charity Commission CC3 – The essential trustee: What you need to know
- Charity Commission CC10 – The Hall Marks of an Effective Charity
- Current Newsletter
- Copies of all the current up to date policies and procedures
- EFA Academies Financial Handbook

All new directors will be invited to attend:

- Safeguarding Training
- Staff Induction Training

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

Ongoing Support and Training

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

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

- Health and Safety
- Employment Law
- Financial management
- Diversity and Equal Opportunities

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

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

Parallel Learning Trust

Directors' Report (continued)

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.

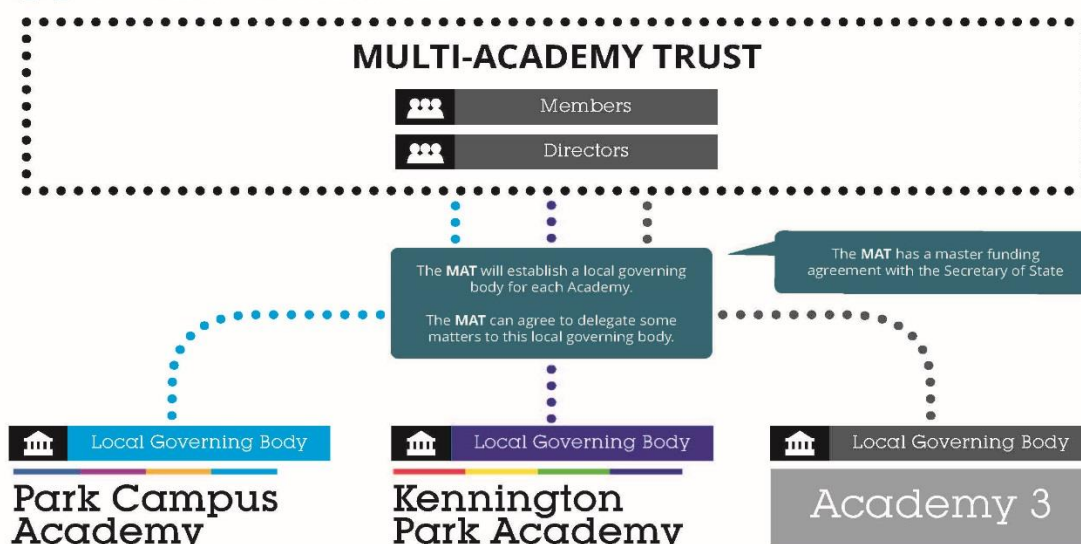
The Parallel Learning Trust Board and its committees act strategically by:

- 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 Parallel Learning Trust Governance Handbook

Appendix 2. MAT Structure



There is only one legal entity accountable for all Academies within the chain, the **Multi Academy Trust (MAT)**.
The **MAT** has one set of Articles which governs all the Academies in that chain.

12

Parallel Learning Trust

Directors' Report (continued)

The Role of the Chief Executive

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

The CEO, as the principal manager for the schools, is responsible for the internal organization, management and control of the schools; for advising the Trust Board members and implementing the strategic framework. Incorporated in the role of advising the Trust Board are:

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

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

The Trust Board's Committee Structure and Terms of Reference

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

Committees may have powers delegated to them. Sub – committees do not have delegated powers. In general, the Trust Board establishes committees, and most sub committees including the LGB following their committee structure model. The Local Governing Body as required may also establish sub committees.

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

The Parallel Learning Trust Board has chosen the following model.

1) Finance, Resources and Premises Committee Including responsibilities for:

a) Health and Safety b) Appeals c) Charges and Lettings

2) Staffing and Performance Management and Safeguarding Including responsibilities for:

a) Safeguarding b) Discipline c) Audit d) Staffing Overview

3) Pay Sub Committee

4) Local Governing Body

The above committee structure will be reviewed annually.

Parallel Learning Trust

Directors' Report (continued)

Local Governing Bodies

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

The following are required sub committees of the LAC:

- The Family Committee
- The Admissions and Reintegration Committee (these responsibilities will be carried out by the family committee in the case of Kennington Park Academy and Park Campus Academy)
- Local Finance/Budget Committee
(To include responsibility for Academy Health and Safety)
- The Standards and Curriculum Sub-Committee

Related Parties and other Connected Charities and Organisations

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

There are no related party transactions for the period.

Objectives and Activities

Objects and Aims

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

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

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

Objectives, Strategies and Activities

The principle activity of the Parallel Learning Trust during this accounting period has been to run two AP Academies in London Borough of Lambeth. Both Kennington Park Academy and Park Campus Academy work to provide the best possible learning outcomes for pupils who despite exclusion, missing education, illness or otherwise cannot access a mainstream school. Both Academies seek to return pupils to mainstream provision, as ultimately this is the best place for their continued learning. In addition a Behavior Education Support Service

Parallel Learning Trust

Directors' Report (continued)

(BEST) supports the reduction of exclusion, working in partnership with local authorities and schools to support them to reduce the need to use fixed or permanent exclusion, adopting a multi-disciplinary approach to interventions with schools, parents/carers and individual pupils.

As a DfE Sponsor, the Parallel Learning Trust will continue to develop and share effective school models that deliver rapid improvements in attainment whilst supporting the ever changing academic and emotional needs of learners. The Trust sees the role of academy sponsor as a long-term commitment to raising standards in the schools we sponsor and improving education provision and outcomes for all learners. As an Academy Trust we continue to build on our successful track record of school improvement and the ability to innovate, therefore improving the life chances and attainment of the young people in our schools. The Trust wants to formally support more schools, we believe we have a proven model that will be integral to the operation and governance of new or converter academies, we want to share our success and replicate our systems in other schools that need support and guidance.

The aims, objectives, ethos and vision of the Trust are clearly set out in our Governance Handbook:

The Parallel Learning Trust exists in order to enable and support our Academy provisions to ensure those learners' life chances are enhanced. We work with communities and partners to:

- Raise standards and improve learner outcomes
- Provide wrap around care and support, through multiagency working
- Place the Academy at the heart of their community
- Provide a supportive infrastructure for all Academy provisions
- Enable our Academies to focus primarily on Teaching and Learning
- Enable staff to facilitate outstanding learning and learners
- Value our staff as lifelong learners and provide support and encouragement to develop professionally

We are proud to serve the communities of South London, where our AP Academies support both children and families that experience some of the highest levels of social deprivation and our learners have some of the highest levels of social, emotional and behavioural needs. As our results and recent OFSTED inspection show, we add a huge amount of value to improving the life chances of our learners and have some of the best GCSE and value added results in the country for AP provision.

The freedom that being a Multi Academy Trust affords us, allows us to impart and share the good practice to any converter schools, sponsor academies or new academies, in the areas of curriculum innovation, strong support services in ICT, Finance, HR, Catering and Facilities management that will enable any schools we sponsor to focus on raising standards, school improvement, teaching and learning and ultimately outcomes for pupils.

Parallel Learning Trust

Directors' Report (continued)

The Strategic Objectives are summarised as follows:

1. To build a 'family' of outstanding cross-phase Academies that provide the best possible outcomes for children by
 - Successful sponsorship of at least 3 school provisions in 2015-16
 - Successfully building capacity to sponsor other schools ahead of need
2. Continue to build transferable leadership and infrastructure models for the successful delivery of learning in existing and new sponsored academies
 - Successful leadership models are shared across Academies to promote outstanding teaching and learning
 - Core services are delivered across Academies, freeing school leaders to focus on delivering outstanding teaching and learning
3. To generate income through the trading of services, to include knowledge, resources, training, support and core infrastructure services to other schools and organisations
 - Logic Schools Services (wholly owned Community Interest Company of the Trust) develops a robust and deliverable Business plan to generate income through traded services
 - The CIC generates additional income of £150k in its first full year of trading (01.09.14 –31.08.15)

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

Robust tracking and monitoring of assessment information supports teaching interventions that continue to narrow the achievement gap and provide supportive learning environments for all learners through a personalised curriculum offer.

Teaching

That teaching over time, across all Key Stages and most subjects is outstanding and never less than consistently good to enable all learners to make sustained progress that leads to outstanding achievement.

In our settings we would expect that all teachers have consistently high expectations of all pupils and there is a consistency in teaching so that 100% is good or better through classroom practice, marking and assessment and the scrutiny of assessment data.

Behaviour and Safety

Ensuring our Academies are safe and stimulating learning environments where learners can make at least good progress in their academic, social and emotional learning. We would expect to see pupils' conduct being reflective of the Academies' effective strategies to promote high standards and that there are excellent improvements in behaviour over time for individuals and groups with particular behaviour needs.

Leadership and Management

That our Academies continue to develop the capacity to raise standards of achievement teaching and learning by sharing best practice in a supportive way with all staff.

Parallel Learning Trust

Directors' Report (continued)

In each area we seek to be outstanding through judgments we make in leadership teams or through external validation, be that from the commissioned monitoring by our School Improvement Partner or by regulatory visits by OfSTED.

Over the past year both Academies within the Trust continue to benefit from working collaboratively on shared priorities. The Executive Leadership Team (ELT) meets regularly to consider common issues, share good practice and plan strategic development. As a result of this collaborative approach, embedded in the ethos of the Trust, Kennington Park and Park Campus Academies continue to improve the quality of provision.

The Trust has also developed its capacity, improved its function and extended its influence over the past year. Initiatives and actions have included:

- Further developing the Governance structures across the Trust including the appointment of a professional clerk
- Successfully applying to the DfE to become an Academy Sponsor
- Providing school improvement support to a vulnerable SEMH special school in Kent
- Further development of core services to schools, through the Trust's Community Interest Company, Logic School Services
- Project work with several vulnerable schools with a view to them joining the Trust as sponsored academies

Park Campus AP Academy

The school continues to perform very well particularly in relation to attainment at Key Stage 4. Pupils continue to gain the best possible range and grade of qualifications. The challenge for the coming year will be to maintain the high standards set in the face of increasingly challenging qualification frameworks.

Progression at the end of Key Stage 4 was also very positive with all Year 11 students securing 6th form or college places having been fully supported to attend open days and interviews. Academic progress at the end of Key Stage 4 continues a very positive story.

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

Current assessments of standards by the senior leadership team at Park Campus Academy (PCA), endorsed by the Trust are as follows:

Quality of Teaching, Learning and Assessment

The quality of teaching, learning and assessment in the school is **Good with some outstanding practice**. Teaching at the Park Campus Academy is highly effective as seen the impressive GCSE attainment over recent years including 2015. The majority of teaching staff are highly experienced professionals who deliver an outstanding service to pupils who have missed significant amounts of education due to absence and exclusion prior to attending the Park Campus Academy. Teachers quickly and accurately assess the needs of the students and within a very short timeframe delivering keenly targeted individual support alongside whole class teaching to ensure that all pupils make rapid progress.

Parallel Learning Trust

Directors' Report (continued)

Outcomes for Pupils

The Senior Leadership Team of the Park Campus Academy judge outcomes of pupils to be **outstanding**.

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 focussed PRu's in the Partners in Excellence (PiXL network of 50+ PRu's).

All pupils are tracked and supported into the best possible mainstream college and 6th form places at the end of Year 11 and are well prepared to do so.

All groups of pupils achieve and progress well when compared to starting points on entry. Wherever possible pupils are well supported to successfully return to mainstream education. Pupils unable to return to mainstream education due to DSEN are given outstanding support to transition to specialist educational settings.

Pupils receive tailored targeted, tracked and monitored specialist intervention and overcome previous difficulties with education. Pupil premium students and those with DSEN make progress equal to or better than the cohort as a whole.

The leadership team ensures that the whole school keenly tracks the progress of both individuals and groups ensuring targeted support and intervention is delivered both quickly and effectively. The school works effectively to ensure that year 11 students, many of whom join the school during year 11, maximise their potential learning time and ensure relevant meaningful qualifications are gained. The school significantly extends the final date for Year 11 leaving in some cases to early August with students attending classes during the summer holiday. Analysis of the SCAAT points shows a significant increase in the average SCAAT points in recent years. Progress data demonstrate students make excellent progress after joining the academy.

2010 – 2015 Examination Results

	2010	2011	2012	2013	2014	2015
COHORT SIZE	24	20	22	21	18	29
5 A-C EM	4%	10%	32%	29%	39%	24%
5 A-C	4%	20%	55%	57%	61%	57%
1 A-C	25%	75%	86%	95%	100%	57%
5 A-D EM	4%	25%	50%	38%	44%	24%
5 A-D	13%	30%	59%	62%	67%	27%
1 A-D	42%	80%	86%	95%	100%	57%
5 A-G EM	17%	40%	68%	81%	89%	80%
5 A-G	17%	40%	68%	81%	94%	80%
1 A-G	100%	95%	95%	100%	100%	100
SCAAT	106	170	211	287	285	255
SCAAT CAPPED				264	282	249

The behaviour and safety of pupils at the school

The behaviour and safety of pupils at the school is judged to be **at least good** despite many pupils arriving at the Park Camus Academy often initially displaying quite extreme behaviour: The majority of young people have been excluded from mainstream secondary schools, some with multiple permanent exclusions and on occasion pupils who have been excluded from specialist SEMH settings.

Parallel Learning Trust

Directors' Report (continued)

Young people often arrive in a period of crisis in their lives, which may be due to extreme social needs, as yet unidentified special educational needs, or emotional and mental health needs. Due to the specialist nature of services delivered and the specialist training and experience of our staff the pupils make exceptional educational and behavioural progress. Every pupil who consistently demonstrates acceptable behaviour is rapidly reintegrated to a mainstream school or alternatively proceeds to a mainstream college or sixth form presenting a constant turnover of pupils.

Pupils respond well to the behaviour systems in school. All pupils and staff are aware and follow the rewards and sanctions outlined in the behaviour policy. Pupils show positive trends in attitudes towards teachers, learning and each other. Rewards and achievements assemblies are organised weekly to celebrate good behaviour and positive attitudes.

Bullying incidents are rare. The school has an anti-bullying policy. We participate each year in the National Anti-bullying week and lessons are delivered around different themes and aspects of bullying in PSHE lessons. Issues around bullying are covered in assemblies. We have a Restorative Approach programme which implements conflict resolution between different parties involved in incidents. Parents are involved in the process when deemed necessary.

Attendance is outstanding in comparison to their previous setting: Whole school Attendance: 83.5% against target of 90% with nearly 40% of pupils attending 90%+. Pupils, who previously refused to attend due to gang related tensions, feel safer to attend.

Safeguarding Measures are judged to be outstanding by the school. Reintegration rates to mainstream school are very good with almost all reintegrated students remaining successfully in their placement.

The school has 0% NEET with the majority of pupils transitioning effectively into mainstream colleges and 6th forms where retention rates are very good.

Leadership and Management

The quality of leadership and management in the school is judged to be **outstanding**. The leadership team of the Park Campus Academy, including focussed and determined Academy Council, have worked tirelessly with central staff within the Parallel Learning Trust to secure high quality education and outreach services for vulnerable young people. This is against a significant local and national trend in funding and service reductions.

Members of the senior leadership team are currently qualified with Ofsted as Additional Inspectors demonstrating a secure commitment to school improvement both within and beyond Lambeth. This supports a robust monitoring schedule in place to evaluate teaching over time. The academy has used the Osiris programme to help develop teaching skills.

Members of the senior leadership team are currently supporting other schools to raise attainment as PiXL Associates demonstrating capacity for improvement beyond the organisation.

Assessment Information is carefully analysed at all levels and development actions are based on a solid and accurate understanding of the Academy's performance.

"The impact of outstanding leadership is shown by great improvement in the quality of teaching and the impressive advance in students' achievement" Ofsted 2013

The School has demonstrated an absolute commitment to engaging with and supporting parents resulting in the first ever AP Academy or Pupil referral Unit being awarded the **Leading Parent Partnership Award**. The provision makes highly effective use of external support. This is commissioned by the school to target priority need. The provision's monitoring of the quality of teaching involves informal classroom visits and formal lesson observations. The senior team leads this process with all staff engaging in the process of joint observation. As a result of training in lesson observation techniques, middle leaders are able to make accurate judgements on the quality of teaching. Where teaching requires improvement, teachers receive additional coaching and this has supported and contributed to the improvements in teaching.

Parallel Learning Trust

Directors' Report (continued)

Highly effective partnerships exist with a range of external agencies to ensure that all needs of students are addressed. Safeguarding procedures are securely in place, meet statutory requirements and are rigorously applied. Leaders effectively promote equality of opportunity for all members of the provision and are proactive in tackling all forms of discrimination”

Members of the Local Academy Council (Local Governing Body) provide excellent support and challenge for the management team. They take well-considered action when interventions are necessary and rigorously hold leaders to account for the provision's performance. They receive reports from the headteacher, and the external consultant/adviser, and ask probing questions so that they fully understand the issues facing the provision, particularly information on students' progress and how it compares with similar settings.

Through visits and interviews with staff, they are well informed about the quality of teaching; are aware of how pupil premium is directed and monitored to make sure that individual learners are supported and helped in lessons. Full regard is given to the well-being and safety of pupils. Academy Council Members have a good overview of the provision's resources to drive its priorities forward.

Kennington Park AP Academy

Pupils made excellent progress during the academic year 2014-15. Due to building work we are under some restrictions and the staff team have worked hard to ensure the continuity of service.

We have changed the class names and classes are no longer denoted by a number, but a colour. The colours are linked to aspects of our mission statement:

Green Class (Friendship)

Blue (Inspiration)

Yellow Class (Courage)

Purple Class (Respect)

We have amended some of the curriculum and the students are more 'home' based –this is due to the lack of space, but has also ensured a fairly calm and settled end to the summer term.

The Reintegration Officers and Learning Advisers have had their job descriptions re- evaluated and their pay is now in line with their colleagues at the Park Campus. We have inducted two new Learning Advisers and they are proving to be committed, efficient and effective staff members.

Our Executive Headteacher and our School Improvement Advisor undertook a review of our Self Evaluation and the outcome was positive, concluding that there is a very strong evidence base that supports the judgment of 'outstanding' in all areas reviewed in the OfSTED framework. They observed teaching and learning, looked in books, spoke to children and looked at assessment information.

Parallel Learning Trust

Directors' Report (continued)

Teaching, learning and assessment are outstanding

Teaching is strong across the academy and the Executive HT and the SIA validated this during the review 07.10.15. All teaching is currently outstanding.

Assessment without levels is a challenge as students are now arriving without a National Curriculum (NC) level 'attached to them' and most schools (so far) appear to be using a best fit in terms of the year group they are working in within the NC. Our role is to assess students as soon as possible using:

- Phonics checklists
- Reading and spelling tests which give a reading/spelling age (we are currently thinking about a new baseline assessment)
- Online tests for English and Maths –using an IT programme –Alfie –this only assesses pupils working at a Y2-3 level and beyond

Personal Development, Behaviour and Welfare are Outstanding

Child Sexual Exploitation- all staff have had training from the LA and the HT has a copy of the electronic screening form used to make referrals. Pupils receive lots of education on being and staying safe, e-safety and our SRE policy is currently under review. We also look out for signs of 'gang membership' as we believe that a lot of cases of CSE in Lambeth relate to young people being exploited by their peers. Our Y6 students will very soon be taking part in an anti-gang workshop delivered by Growing Against Violence (GAV). Occasionally, certain Y5 pupils will also take part.

FGM-our cohort does not currently lead us to believe that any students are at risk. We will follow safeguarding procedures if necessary.

Prevent Agenda- we have not yet received training on this aspect –but the HT is planning this.

The school through the formal and informal curriculum has developed an approach to 'Character Building' with pupils- our mission policy outlines our very clear views on supporting our students and also emphasises the promotion of the values of citizenship, courage, friendship, equality, determination, inspiration, mutual respect and tolerance. All of the pupils understand that they have to undergo differing degrees of change in order to move back into school and this takes a lot of learning. The aspects of perseverance, independence, becoming more able to take risks in their learning, developing resilience and managing change are taught and developed very successfully in our setting. An example is the introduction of cycling into the curriculum – some of our younger students have learned to ride a bike at playtime/ our older students are taught cycling proficiency and have been known to cycle as far as Buckingham Palace.

Extremism and Radicalisation – we have included these aspects in our Safeguarding Policy. We are careful in our selection of outside agencies and always have staff supporting such sessions so that monitoring takes place. The students are also monitored when using IT and there are no incidents of pupils having access to inappropriate material /views inside the KPA. Assemblies and PSHE teach tolerance and mutual respect and British Values are taught in all classes and form part of the formal and informal curriculum.

Leadership & Management

Leadership and Management are Outstanding

We have a clear vision and a shared passion

We have made progress year on year in terms of pupil outcomes

We aim to keep fresh and up to date with developments

We encourage the teacher to take risks and develop their teaching

Parallel Learning Trust

Directors' Report (continued)

We encourage, empower and promote the acquisition of new skills for all of the staff.

The SLT structure is clear- the Headteacher and two Assistant Headteachers make up the SLT. Formal meetings are held twice a month. Two of the SLT are also Safeguarding Officers.

The education vision is shared well amongst staff – our mission statement is clear and all staff know what our ultimate aims are : to educate, assess, support and move pupils back into school. Clear targets are set at appraisals.

Appraisals take place and are reviewed mid year –for all teachers , Learning Advisers and Reintegration Officers.

HT
Teachers
RO Manager



appraise two Assistant HTs

Assistant
HTs



appraise the Learning Advisers

RO Manager



appraise the Reintegration Officers

Key Performance Indicators

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

Standards of Achievement

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

Quality of Teaching

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

Behaviour and Safety

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

Parallel Learning Trust

Directors' Report (continued)

Leadership and Management

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

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

Kennington Park Academy

Analysis of progress 2014-15

Average Point Scores were used for the academic year 2014-15.

Expected progress: 8 points over KS1 (Y1-Y2)

12 points over KS2 (Y3-6)

KS1	Outstanding Progress	Good Progress	Expected Progress	Less than Expected Progress	Exceeded progress	Good + 2013-14
Reading	66%	17%	17%		83%	74%
Writing	75%	8%	17%		83%	54%
Maths	66%	17%	17%		83%	100%
Science	55.5%	11.1%	22.2%	11.1%	66.6%	100%

12 pupils = 1 x pupil = 8.3%

Science = 9 pupils = 11.1%

KS2	Exceeded progress	Expected Progress	Less than Expected Progress	Good + 2013-14
Reading	86%	8%	6%	75%
Writing	84%	16%		56%
Maths	84%	16%		81.5%
Science	72%	26%		89%

37 pupils = 1 x pupil = 2.7%

Science = 34 pupils = 2.9%

KS1 and 2	Exceeded progress	Expected Progress	Less than Expected Progress	Good + 2013-14
Reading	84%	12%	4%	75%
Writing	84%	16%		60%
Maths	80%	14%	6%	83.5%
Science	84%	14%	2%	93%

Parallel Learning Trust

Directors' Report (continued)

Disadvantaged pupils: (Free School Meal pupils and Looked After Children)

	Exceeded progress	Expected Progress	Less than Expected Progress
Reading	86%	11%	3%
Writing	79%	21%	
Maths	75%	18%	7%
Science	75%	25%	

SEND pupils: (pupils with a statement /EHCP only –not those in the process of undergoing statutory assessment)

	Exceeded progress	Expected Progress	Less than Expected Progress
Reading	94%		6%
Writing	81%	13%	7%
Maths	81%	6.5%	12.5%
Science	71%	29%	

Park Campus Academy

2010 – 2015 Examination Results

	2010	2011	2012	2013	2014	2015
COHORT SIZE	24	20	22	21	18	29
5 A-C EM	4%	10%	32%	29%	39%	24%
5 A-C	4%	20%	55%	57%	61%	57%
1 A-C	25%	75%	86%	95%	100%	57%
5 A-D EM	4%	25%	50%	38%	44%	24%
5 A-D	13%	30%	59%	62%	67%	27%
1 A-D	42%	80%	86%	95%	100%	57%
5 A-G EM	17%	40%	68%	81%	89%	80%
5 A-G	17%	40%	68%	81%	94%	80%
1 A-G	100%	95%	95%	100%	100%	100
SCAAT	106	170	211	287	285	255
SCAAT CAPPED				264	282	249

Whole School Progress Data (June 2015)

The Majority of students exceed expected progress in core subject areas. Most students met or exceed expected progress (96% English and Maths).

		English	Maths	Science	IT
BELOW		4%	4%	24%	36%
EXPECTED		8%	16%	8%	0%
EXCEEDING		88%	80%	68%	64%
EXP/EXC		96%	96%	76%	64%

* Figures for students with 70+ attendance

Parallel Learning Trust

Directors' Report (continued)

Financial report of the year

Most of the Trust's income is obtained from the EFA and local authorities as top funding from the High Needs Block in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31st August 2015 and the associated expenditure are shown as the restricted funds in the statement of financial activities.

Going Concern

After making appropriate enquiries, the board of Directors has a reasonable expectation that the 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

The 2014-15 expected carry forward for the year ended 31 August 2015 is £115,523. The Trust brought forward a surplus on 1 September 2014 of £272,701. In total 58% of the brought forward surplus balance has been used during the current year for growth purposes and the remaining amount will carry forward to next year. During the academic year 2015-16 the executive leadership team is budgeting to achieve 5% budget efficiencies on all school budgets with an aim to build up a reserve anticipated to be £550,000.

The Trust's overarching priority is to create financial stability and a cash flow position that supports existing AP academy provision and the growth plans (agreed with regional schools commissioners) for the period 2015 - 2018. We set a three year target for reaching the desired cash reserve and whilst there is a positive surplus this year, it will only be by the midpoint of the next financial year we will realise the targeted amount, due mainly to the efficiencies created by two additional schools joining the trust.

Funding for our AP Academies is split between the place element (£10k) paid directly by the EFA and the top up element paid by local commissioners from their high needs funding block allocation, contained within the direct schools grant they receive from the EFA. In order to sustain the high quality education delivery at both Academies, where pupil needs are growing increasingly complex, it is felt this amount needs to be increased from £8,500 to £10,773 in line with the 12% rise in fees given to other schools in Lambeth for 1 April 2015. The proposed change in top-up will increase funding by £294,710.

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

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

We are now 12 months post conversion and are now in receipt of the actuarial assessment for the Local Government Pensions Scheme (LGPS). Whilst the Directors were lead to believe last year that there was no deficit on conversion based on representation made to them by Lambeth Council, the actuarial valuation performed by the local authority's appointed actuaries, Messrs Hymans Robertson, presents a deficit of £1.9m at the date of conversion.

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

Parallel Learning Trust

Directors' Report (continued)

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

Reserves Policy

The Directors will review the potential reserve levels of the trust annually. This review encompasses the nature of their income and expenditure streams, the need to match income commitments and the nature of reserves. The Directors have determined that a £400,000 level of free reserve should be built up over the next three years. The reason for this is to provide sufficient working capital to provide a cushion to deal with unexpected emergencies such as urgent maintenance and to plan for the future innovation and development projects.

Investment Policy

A return on working capital should be 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

Risks are prioritized using a consistent scoring system.

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

Government funding

The Trust has considerable reliance on continued government funding through the EFA and Top Up Funding from Local Authorities. In the accounting period 99% of the Trust's revenue was ultimately public funding and this level of requirement is expected to continue. There can be no assurance that national or local government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual agreements
- By ensuring the academies in the Trust are rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA and local government
- Maintain adequate funding of pension liabilities

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

Parallel Learning Trust

Directors' Report (continued)

Plans for Future Periods

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

Auditor

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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 16 December 2015 and signed on the board's behalf by:



Ross A Neal
Chair of the Board of Directors

16 December 2015

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 Executive Head teacher/CEO, 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 4 times during the year. Attendance during the year at meetings of the board of Directors was as follows:

Director	Meetings attended	Out of a possible
Ross Alexander NEAL – (CHAIR)	3	4
Victor Manuel Dias Campos DA SILVA	4	4
Michael MARTELL (20 October 2014)	1	3
Rosemary NEWLOVE	4	4
Andrea SMITH (1 October 2014)	2	4
Malcolm WARD	4	4
Richard PUGH	2	4
Richard LEONARD (CEO and accounting officer)	4	4

Governance reviews:

On a regular basis (annually) the Chair will consult with individual directors to consider their contribution to the organisation and identify any areas where the directors would benefit from additional training or support.

The Trust Board will collectively review its performance at regular intervals, again preferably annually. It should also review the performance of the Chair person. The Board will review its effectiveness in summer of 2015 in line with the Trust's planning cycle.

Parallel Learning Trust

Governance Statement (continued)

Finance, Resources and Premises Committee

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

Director/Staff	Meetings attended	Out of a possible
Richard Pugh (Chair)	2	2
Victor Da Silva	1	2
Rosemary Newlove	2	2
Richard Leonard	2	2
Mick Martell	1	1
Andrea Smith	0	1
Anne Sturman	1	2
Shaun Dodds	1	2
Andrew Methven	2	2

Staffing, Performance & Safeguarding Committee

The Staffing, Performance & Safeguarding Committee is a committee of the main board of directors. Its purpose is to provide guidance to the Trust on all matters under its remit (Staffing, Performance & Safeguarding). The Trust must take all decisions concerning the adoption and implementation of these recommendations.

Director	Meetings attended	Out of a possible
Malcolm Ward (Chair)	2	2
Andrea Smith	2	2
Mick Martell	2	2
Richard Leonard	1	2
Victor Da Silva	1	2
Anne Sturman	2	2
Shaun Dodds	2	2
Cat Lee	2	2

Review of Value for Money

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

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

- **Economy** – Minimising the cost of resources used by the school but to ensure quality of services are maintained

Parallel Learning Trust

Governance Statement (continued)

- **Efficiency** – The relationship between output, in terms of goods, services or other results and the resources used to produce them.
- **Effectiveness** – The extent to which objectives have been achieved. The relationship between the intended impacts and actual impacts of an activity

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Parallel Learning Trust for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2014 to 31 August 2015 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:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Directors;
- 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;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

Parallel Learning Trust

Governance Statement (continued)

The board of Directors has considered the need for a specific internal audit function and has decided to appoint internal auditor from 1 September 2016. However, the Directors have appointed CTMP Accountants Limited, the external auditors, to perform audit checks.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a bi-annual basis, the auditor's report to the board of directors 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 Executive Head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

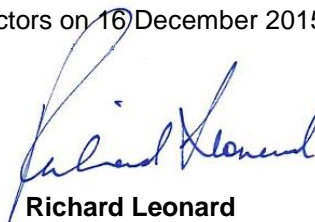
- the work of the external auditors
- the financial management and governance self-assessment process
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework

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 16 December 2015 and signed on its behalf by:



Ross A Neal
Chair of Directors



Richard Leonard
Accounting Officer


Parallel Learning Trust

Statement on Regularity, Propriety and Compliance

As accounting officer of Parallel Learning Trust I have considered my responsibility to notify the Trust board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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.

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

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

A handwritten signature in blue ink, appearing to read 'Richard Leonard', is written over a light blue horizontal line.

Richard Leonard

Accounting Officer

16 December 2015

Parallel Learning Trust

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2005
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of Directors on 16 December 2015 and signed on its behalf by:



Ross A Neal

Chair of Directors

Parallel Learning Trust

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

We have audited the financial statements of Parallel Learning Trust for the year ended 31 August 2015, which comprise the consolidated statement of financial activities, the group and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction issued by the Education Funding Agency.

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

Respective responsibilities of directors and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 August 2015 and of group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Parallel Learning Trust

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

Emphasis of matter

Without qualifying our opinion we draw attention to the matter referred to in note 27 to the financial statements.

The Local authority is disputing the payroll liability included in the signed transferred agreement (TA) between the trust and itself. The directors are of the opinion that the TA is legally binding and therefore no additional liability exists. The ultimate outcomes of this matter cannot presently be determined and therefore no provision has been made in the financial statements in respect of these matters.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



CT Munir FCA
Senior statutory auditor
for and on behalf of

CTM Partnership Ltd
Chartered Accountants
Statutory Auditors
838 Wickham Rd
Croydon
CR0 8ED

16th December 2015

Parallel Learning Trust

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

In accordance with the terms of our engagement letter dated 1 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Parallel Learning Trust during the period 01 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Parallel Learning Trust's funding agreement with the Secretary of State for Education dated 14 March 2013 and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

Parallel Learning Trust

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all the trust activities;
- Further testing and review of the areas identified through the risk assessment including enquiries, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work related above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



CT Munir FCA
Senior statutory auditor
for and on behalf of

CTM Partnership Ltd

Chartered Accountants
Statutory Auditors
838 Wickham Rd
Croydon
CR0 8ED

16 December 2015

Parallel Learning Trust

Consolidated Statement of Financial Activities for the period ended 31 August 2015

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000	Total 2014 £000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
. Activities for generating funds	3	1,355	-	-	1,355	85
. Transfer from Lambeth on conversion		-	-	-	-	14,100
<i>Incoming resources from charitable activities:</i>						
Funding for the academy trust's educational operations	4	-	4,191	-	4,191	719
Total incoming resources		1,355	4,191	-	5,546	14,904
Resources expended						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income	5	978	-	-	978	-
Fundraising trading		-	-	-	-	-
<i>Charitable activities:</i>						
Academy trust educational operations	6	-	4,591	122	4,712	788
Revaluation of long leasehold premises	11	-	-	7,906	7,906	-
Governance costs	7	-	13	-	13	10
Total resources expended		978	4,604	8,028	13,609	798
Net incoming / (outgoing) resources before transfers		377	(413)	(8,028)	(8,063)	14,106
Gross transfers between funds	17	(143)	-	143	-	-
Net income/(expenditure) for the year		234	(413)	(7,885)	(8,063)	14,106
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	26	-	(1,929)	-	(1,929)	-
Net movement in funds		234	(2,342)	(7,885)	(9,992)	14,106
Reconciliation of funds						
Total funds brought forward at 1 September 2014	17	86	187	13,834	14,106	-
Total funds carried forward at 31 August 2015		320	(2,155)	5,949	4,114	14,106

All of the academy 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 Parallel Learning Trust.

Parallel Learning Trust

Balance Sheets as at 31 August 2015

Company Number 08605705

	Notes	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Fixed assets					
Tangible assets	11	5,949	5,949	-	13,834
Investments	12	-	-	-	-
		5,949	5,949	-	13,834
Current assets					
Stock		-	-	-	-
Debtors	13	1,436	1,471	-	538
Cash at bank and in hand	14	2,017	1,974	-	222
		3,453	3,445	-	760
Liabilities					
Creditors: Amounts falling due within one year	15	(3,338)	(3,331)	-	(381)
Net current assets		115	114	-	379
Total assets less current liabilities		6,064	6,063	-	14,123
Creditors: Amounts falling due after more than one year	16	(21)	(21)	-	(107)
Net assets excluding pension liability		6,043	6,042	-	14,106
Pension scheme liability	26	(1,929)	(1,929)	-	-
Net assets including pension liability		4,114	4,113	-	14,106
Funds of the academy trust: Restricted funds					
. Fixed asset fund	17	5,949	5,949	-	13,834
. General fund	17	(226)	(226)	-	187
. Pension reserve	17	(1,929)	(1,929)	-	-
Total restricted funds		3,794	3,794	-	14,021
Unrestricted income funds	17				
. General fund		320	319	-	85
Total unrestricted funds		320	319	-	85
Total funds		4,114	4,113	-	14,106

The financial statements on pages 35-57 were approved by the Directors and authorised for issue on 16 December 2015 and are signed on their behalf by

Ross A Neal
Chair of Directors

Parallel Learning Trust

Consolidated Cash flow statement for the year ended 31 August 2015

	Notes	2015 £000	2014 £000
Net cash inflow/ (outflow) from operating activities	20	1,938	94
Cash transferred on conversion			128
Capital expenditure	20	(143)	-
(Decrease)/Increase in cash in the year	21	1,795	222
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014		222	-
Net funds at 31 August 2015		2,017	222

Parallel Learning Trust

Notes to the Financial Statements for the period ended 31 August 2015

1. Statement of accounting policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below

Going Concern

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

Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

Capital grants are recognised when receivable 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.

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

1. Statement of accounting policies (continued)

- **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 is certainty of receipt and it is measurable.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

- **Donated goods, facilities and services**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's accounting policies.

Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable Activities**

These are costs incurred on the academy trust's educational operations.

- **Governance costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and Directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

1. Statement of accounting policies (continued)

Tangible Fixed Assets

Assets costing £250 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

- **Park Campus Academy**

These premises are held under a Lease dated 1 July 2014 made between (1) The London Borough of Lambeth and (2) Parallel Learning ("the Trust"). The Lease grants a term of 125 years from 1 July 2014 at a nominal rent. The Lease is subject to restrictions against disposal without the consent of the Secretary of State for Education and for termination if the Trust ceases to be funded as an academy.

- **Kennington Park Academy**

These premises are held under a short-term lease dated 1 July 2014 is made between (1) The London Borough of Lambeth and (2) Parallel Learning Trust. This Lease demises the site for a term from 1 July 2014 expiring on 1 December 2015 with provisions for surrender on practical completion of certain works to be carried out by the Landlord as described below. The Lease is subject to restrictions against disposal without the consent of the Secretary of State for Education and for termination if the Trust ceases to be funded as an academy.

A conditional Agreement for Lease dated 1 July 2014 is made between (1) The London Borough of Lambeth and (2) Parallel Learning Trust. The Agreement is conditional upon agreement between Lambeth and the Trust of a scheme of works, and on Lambeth obtaining planning permission and other necessary consents for the scheme of works. The intended scheme of works is for the creation of an ASD unit for Lambeth and alterations to the PRU for the Trust. Following completion of the scheme, Lambeth is to grant to the Trust a lease of the altered PRU premises for a term of 125 years at a nominal rent. The Lease will be subject to restrictions against disposal without the consent of the Secretary of State for Education and for termination if the Trust ceases to be funded as an academy.

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

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

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

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

1. Statement of accounting policies (continued)

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.

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.

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 quinquennial valuations using a prospective benefit method. As stated in note 29, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate Director administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

1. Statement of accounting policies (continued)

Fund Accounting

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

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

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

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2015 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 2015.

3 Activities for generating funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
School commission income	1,343		1,343	85
Hire of facilities	12	-	12	-
	1,355	-	1,355	85

4. Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
DfE / EFA grants				
. General annual grant (GAG)	-	1,680	1,680	295
. Other grants	-	-	-	15
. Other DfE/EFA grants	-	111	111	50
	-	1,792	1,792	360
Other Government grants				
. Local authority grants	-	2,169	2,169	348
. Special educational projects	-	230	230	11
	-	2,399	2,399	359
	-	4,191	4,191	719

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

5. Resources expended

	Staff Costs £000	Non Pay Expenditure		Total 2015 £000	Total 2014 £000
		Premises £000	Other £000		
Costs of generating voluntary income	950	-	28	978	-
Costs of activities for generating funds	-	-	-	-	-
Academy's educational operations:					
. Direct costs	2,351	-	841	3,193	364
. Allocated support costs	497	191	831	1,519	424
	3,798	191	1,699	5,691	788
Governance costs including allocated support costs	-	-		13	10
	3,798	191	1,713	5,704	798

Net income/(expenditure) for the period includes:

	2015 £000	2014 £000
Operating leases:		
- plant and machinery	26	26
Fees payable to auditor for:		
- audit	10	10
- other services	3	-
	13	10

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

6. Charitable activities

	Total 2015 £000	Total 2014 £000
Direct costs – educational operations		
Teaching and educational support staff costs	2,848	549
Passport to employability	96	16
Technology costs	98	16
Educational supplies	41	7
Examination fees	21	-
Staff development	31	11
Educational consultancy	25	71
Other direct costs	33	26
	3,193	696
Direct costs – boarding	-	-
	3,193	696
Support costs – educational operations		
Agency	295	28
Depreciation	122	26
Third sector provision	447	-
Maintenance of premises and equipment	88	15
Cleaning	22	4
Rent & rates	18	2
Energy costs	39	1
Insurance	46	7
Legal and professional fee	180	4
General stationery	25	3
Catering	190	-
Bank interest and charges	1	-
Summer project	27	
Motor expenses	19	2
	1,519	92
Support costs – boarding	-	-
	1,519	92
Total direct and support costs	4,712	788

7 Governance costs

	Total 2015 £000	Total 2014 £000
Legal and professional fees	-	-
Auditor's remuneration		
. Audit of financial statements	13	10
	13	10

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2015 £000	Total 2014 £000
Wages and salaries	3,101	449
Social security costs	265	39
Operating costs of defined benefit pension schemes	432	61
	3,798	549

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totaling £8,262 (2014: £nil). Individually, the payments were: £8,262.

c. Staff numbers

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Charitable activities		
Teachers	31	28
Administration and support	43	35
Management	3	3
	77	66

d. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2015 No.	2014 No
£60,001 - £70,000	5	2
£70,001 - £80,000	2	1
£100,001 - £110,00	1	1

Five of the above employees participated in the Teachers' Pension Scheme. The other employees participated in the Local Government Pension Scheme.

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

9 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, and not in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

Richard Leonard (Executive Head teacher / CEO):

Remuneration £100,001 - £110,000 (2014: £100,001 - £110,000)

Employer's pension contributions £15,000 - £20,000 (2014: £15,000 - £20,000)

During the period ended 31 August 2015, travel and subsistence expenses totaling £1,379 (2014: nil) were reimbursed or paid directly to 1 Director (2014: nil).

Other related party transactions involving the Directors are set out in note 25.

10 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 £500,000 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 2015 was £46,027 (2014: £6,642). The cost of this insurance is included in the total insurance cost.

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

11 Tangible fixed assets (Group and company)

	Freehold Land and Buildings £000	Long Leasehold premises £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost						
At 1 September 2014	-	13,634	-	225	-	13,859
Additions	-	18	-	125	-	143
Revaluations	-	(7,915)	-	-	-	(7,915)
At 31 August 2015	-	5,737	-	350	-	6,087
Depreciation						
At 1 September 2014	-	18	-	8	-	26
Charged in year	-	53	-	68	-	122
Revaluations	-	(9)	-	-	-	(9)
At 31 August 2015	-	62	-	76	-	138
Net book values						
At 31 August 2015	-	5,675	-	274	-	5,949
At 31 August 2014	-	13,616	-	217	-	13,834

The trust's transactions relating to long leasehold premises included:

Revaluation of long leasehold premises by Education Funding Agency

The long leasehold premises valuation was not available at the time of the preparation of the accounts for the period ended 31 August 2014. Therefore, the valuation taken into account was based on the valuation provided by the local authority to Zurich Municipal. The management of the trust believed that this is the best estimate available at the time.

A formal valuation was subsequently carried out on 21 July 2015 by the EFA and the valuation shows a significantly lower figure than that provided originally.

This revised valuation is reflected in the accounts as a movement during the year.

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

12 Investments – Logic School Services C.I.C

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

	2015 £	2014 £
Turnover	282,341	-
Cost of Sales	22,309	-
Gross Profit	260,032	-
Administrative expenses	259,256	-
Retained profit before taxation	776	-
Corporation tax payable @ 20%	(155)	-
Retained profit after corporation tax	621	-
Called up share	1	-
Net assets at 31 August 2015	622	-

13 Debtors

	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Trade debtors	1,319	1,273	-	429
EFA Funding	-	-	-	61
Other debtors	118	118	-	48
Amount owed by subsidiary	-	80	-	-
	1,436	1,471	-	538

14 Cash at bank and in hand

	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Cash in current account	2,017	1,974	-	222
	2,017	1,974	-	222

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

15 Creditors: amounts falling due within one year

	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Trade creditors	67	64	-	95
Taxation and social security	-	-	-	-
Other creditors	3,252	3,251	-	270
Accruals and deferred income	19	16	-	16
	3,338	3,331	-	381

Included within other creditors is a loan of £71,111 from London Borough of Lambeth is payable by 4 equal monthly installments of £17,777. This loan is an interest free provided at the time of conversion 1 July 2014.

16 Creditors: amounts falling due in greater than one year

	Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Other creditors	21	21	-	107
	21	21	-	107

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

17 Funds

	Balance at 31 August 2014 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2015 £000
Restricted general funds					
General Annual Grant (GAG)	173	1,680	(2,079)	-	(226)
Start Up Grant	-	-	-	-	-
Other DfE/EFA grants	15	111	(126)	-	-
Local authority grants	-	2,399	(2,399)	-	-
Pension reserve	-	-	-	(1,929)	(1,929)
	188	4,190	(4,604)	-	(2,155)
Restricted fixed asset funds					
Long leasehold premises	13,616	-	(7,959)	-	5,657
Equipment and fixture and Capital expenditure from GAG	218	-	(69)	-	149
	-	-	-	143	143
	13,834	-	(8,028)	143	5,949
Total restricted funds	14,021	4,191	(12,632)	(1,786)	3,794
Unrestricted funds					
Unrestricted funds	85	1,355	(998)	(143)	320
Total unrestricted funds	85	1,355	(998)	-	320
Total funds	14,106	5,546	(13,609)	(1,929)	4,114

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

Funds (continued)

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

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. Note 2 discloses whether the limit was exceeded.

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £000
Park Campus Academy	13
Kennington Park Academy	81
Total before fixed assets and pension reserve	94
Restricted fixed asset fund	5,949
Pension reserve	(1,929)
Total	4,114

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total £000
Park Campus Academy	2,232	550	85	230	3,097
Kennington Park Academy	911	105	29	112	1,157
Academy Trust	2,938	496	323	584	4,254

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

18 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

Group	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	5,949	5,949
Current assets	277	3,176	-	3,453
Current liabilities	-	(3,338)	-	(3,338)
Non-current liabilities	(21)	-	-	(21)
Pension scheme liability	-	-	(1,929)	(1,929)
Total net assets	256	(162)	4,020	4,114

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

19 Financial commitments

Operating leases

At 31 August 2015 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Other		
Expiring within one year	15	11
Expiring within two and five years inclusive	-	15
Expiring in over five years	-	-
	<u>15</u>	<u>26</u>

20 Reconciliation of net income to net cash inflow from operating activities

	2015 £000	2014 £000
Net income	(8,063)	14,106
Fixed assets inherited on conversion	7,820	(13,859)
Cash transferred on conversion		(128)
Depreciation (note 13)	122	26
(Increase)/decrease in debtors	(898)	(538)
Increase/(decrease) in creditors	2,957	488
Net cash provided by / (used in) Operating Activities	<u>1,938</u>	<u>94</u>

Returns on investments and servicing of finance

	2015 £000	2014 £000
Interest received	-	-
Net cash inflow from returns on investment and servicing of finance	<u>-</u>	<u>-</u>

Capital expenditure and financial investment

	2015 £000	2014 £000
Purchase of tangible fixed assets	(143)	-
Capital grants from DfE/EFA	-	-
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash outflow from capital expenditure and financial investment	<u>(143)</u>	<u>-</u>

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

21 Analysis of change in net funds

	At 1 September 2014 £000	Cash flows £000	At 31 August 2015 £000
Cash in hand and at bank	222	1,795	2,017
Total cash and cash equivalents	222	1,795	2,017

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

22 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.

23 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 London Borough of Lambeth. Both are multi-employer defined benefit schemes.

The pension costs are generally assessed in accordance with the advice of independent qualified actuaries. AEP Lambeth converted to academy status on 1 July 2014; however London Borough of Lambeth will be conducting the actuarial valuation as at 30 June 2014. The actuarial valuation performed by the local authority's appointed actuaries, Messrs Hymans Robertson a deficit of £1.929m existed at the date of conversion. This is to be recovered over a period of 9 years and according to the actuarial report the pension contribution by employer is to be increased by additional 22.4% taking it to 40.20%. This will have an adverse impact on the trust's cash flow. The executive management team has requested a review of the calculation because they believe the assessment has not necessarily been completed using full and accurate data.

However, there are no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

24 Pension and similar obligations (continued) Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

24 Pension and similar obligations (continued)

The pension costs paid to TPS in the period amounted to £203,527.35 (2014: £32,090 from 1 July 2014 to 31 August 2014).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Director-administered funds. The total contribution made by the company for the year ended 31 August 2015 was £228,320.

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.

Parallel Learning Trust

Notes to the Financial Statements for the period to 31 August 2015 (continued)

25 Related party transactions

Owing to the nature of the academy trust's and the composition of the board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the 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.

26. Provision for Local Government Pension Scheme Deficit

The directors were led to believe last year that there was no deficit on conversion based on representation made to them by the Local Authority. However, based on the actuarial valuation performed by the local authority's appointed actuaries, Messrs Hymans Robertson, a deficit of £1.929m existed at the date of conversion. This is to be recovered over a period of 9 years and according to the actuarial report the pension contribution by employer is to be increased by an additional 22.4% taking it to 40.20%. This will have an adverse impact on the trust's cash flow. The executive management team has requested a review of the calculation because they believe the assessment has not necessarily been completed using full and accurate data.

Even though the management intends to challenge, they have nevertheless decided to provide for this deficit in full in the accounts. In particular, the directors believe the assets notionally allocated to the trust at commencement is flawed. If this issue cannot be resolved satisfactorily between the local authority and the trust, the executive management team will approach the EFA for further guidance on this matter.

27. Contingent Liability

Payroll Liability

The Trust ("PLT") entered into two Transfer Agreements both dated 1 July 2014 with the London Borough of Lambeth ("Lambeth") and The Management Committee of the Lambeth Alternative Education Provision ("the Management Committee") under which the Trust borrowed a total of £320,000 from Lambeth in respect of payroll items representing the outstanding amount owed by the Management Committee to Lambeth as at 30 June 2014 under arrangements for processing of the Management Committee's payroll by Lambeth and subsequent recovery by Lambeth from the Management Committee's delegated budget in the following month, after the giving of credit for certain recoveries. The Transfer Agreements also provide for the transfer of any surplus of the Management Committee as at 30 June 2014 to the Trust. As at 31 August 2014, neither the amount of the recoveries nor the actual surplus or deficit the Management Committee as at 30 June 2014 had been finally ascertained. Since 31 August 2014 Lambeth have alleged that the Transfer Agreements overstate the recoveries by £198,694.98 and in consequence such amount is repayable by the Trust on demand. The Trust's contingent liability of £198,694.98 stated in the accounts represents the liability to make such repayment if properly repayable. The Trust disputes the overstatement and liability to repay such amount and considers the Transfer Agreements is legally binding on Lambeth. The accounts therefore do not include a provision for £198,694.68.