

Company Registration No. 08339345 (England and Wales)

PARTNERSHIP LEARNING
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

PARTNERSHIP LEARNING

CONTENTS

	Page
Reference and administrative details	1 - 2
Directors' report	3 - 8
Governance statement	9 - 11
Statement on regularity, propriety and compliance	12
Statement of Directors' responsibilities	13
Independent auditor's report on the consolidated financial statements	14 - 16
Independent reporting accountant's report on regularity	17 - 18
Statement of consolidated financial activities including income and expenditure account	19 - 20
Consolidated and academy balance sheet	21 - 22
Consolidated statement of cash flows	23
Notes to the consolidated financial statements including accounting policies	24 - 50

PARTNERSHIP LEARNING

REFERENCE AND ADMINISTRATIVE DETAILS

Members

D Singleton
L Graham
H Flint
J Cripps
D Reedy

Directors

D Singleton (Chair)
A Lazell
J Farquharson
R Leighton (Accounting Officer)
I Rowley
S Mubashar
P McPartland

Senior management team

R Leighton
K Sayers
L Medlock
M Parvez

- Chief Executive
- Director of Operations
- Director of Finance
- Director of School Improvement
- Director of Assets
- Director of ICT

M Auden
M Junnix

Company secretary

J Black

Company registration number

08339345 (England and Wales)

Registered office

Sydney Russell School
Parsloes Ave
Dagenham, Essex
RM9 5QT

Academies operated

Harrow Lodge Primary School
Southchurch High School
Riverside Bridge School
Riverside Primary School
Eastbury Primary School
Riverside School
The Sydney Russell School
Thames View Junior School
The Albany School
Greatfields School
James Cambell Primary School

Location

Havering
Southend
Barking and Dagenham
Havering
Barking and Dagenham
Barking and Dagenham

Head Teacher

U Connolly
S Reynolds
A Hope/ G Mouskoundi
S Kinnaird
L Shepherd/ J Wilson
A Roberts
J Davies
S Rider
V Masson
R Paul
K Thomas/ V Gray

PARTNERSHIP LEARNING

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Wilkins Kennedy
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Bankers

Lloyds Bank plc
11 Station Parade
Barking
IG11 8ED

Santander
P.O Box 382
21 Prescott St
London
E1 8AD

The Co-Operative Bank PLC
P.O. Box 3
11 Market Rd
Essex
CM1 1XW

Solicitors

Browne Jacobson
30 Finsbury Circus
London
EC2M 7DT

PARTNERSHIP LEARNING

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The Directors present their annual report together with the consolidated financial statements and independent auditor's reports of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The Trust operates eleven academies serving catchment areas in the London Borough of Barking & Dagenham, the London Borough of Havering and the Borough of Southend.

- The Sydney Russell School, 4-18 mainstream all through school, approximately 2,177 pupils
- Riverside School, 11-18 mainstream secondary school, approximately 1,003 pupils
- Thames View Junior School, 7-11 mainstream junior school, approximately 480 pupils
- Riverside Bridge School, 4-16 special school, approximately 100 pupils
- Riverside Primary School, 4-11 primary school, approximately 90 pupils
- Eastbury Primary School, 4-11 primary school, approximately 840 pupils
- The Albany School, 11-16 mainstream secondary school, approximately 780 pupils
- Greatfields School, 11-18 mainstream secondary school, approximately 200 pupils
- James Cambell Primary School, 4-11 primary school, approximately 762 pupils
- Harrow Lodge Primary School, 4-11 primary school, approximately 465 pupils
- Southchurch High School, 11-16 mainstream secondary modern school, approximately 565 pupils

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Directors are the trustees of Partnership Learning and are also the directors of the charitable company for the purposes of company law. Details of the Directors who served during the year are included in the Reference and Administrative Details on page 1.

The Partnership Learning Trust was incorporated on 21 December 2012. The company changed its name from The Partnership Learning Trust to Partnership Learning on 4 December 2014.

Included within the consolidated financial statements is Partnership Contracting Limited (company number 11119192), a 100% owned subsidiary of Partnership Learning.

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.

Principal activities

The principal activity of Partnership Learning is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the mainstream Academies") or 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") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies").

Directors' indemnities

Directors and Governors liability is covered under the Risk Protection Arrangement with the ESFA.

PARTNERSHIP LEARNING

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Method of recruitment and appointment or election of Directors

Members

The Members of the Academy Trust shall comprise:

- a. the members of the company on the date of the adoption of the articles (23rd June 2016); and
- b. any person appointed under Article 15A – (“The Members may agree by passing a special resolution to appoint such additional Members as they think fit”) - provided that at any time the minimum number of Members shall not be less than three. An employee of the Academy Trust cannot be a Member of the Academy Trust.

Directors/Trustees

The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The Academy Trust shall have the following Trustees:

- up to 7 Trustees, appointed under Article 50 (“The Members may appoint by ordinary resolution up to 7 Trustees”);

- any Co-opted Trustee appointed under Article 58 (“The Trustees may appoint Co-opted Trustees. A ‘Co-opted Trustee’ means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees including the Chief Executive Officer to the extent he or she is a Trustee.”).

Providing that the Chief Executive Officer agrees so to act, the Members may by ordinary resolution appoint the Chief Executive Officer as a Trustee.

The total number of Trustees (including the Chief Executive Officer if they so choose to act as Trustee) who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

The term of office for any Trustee shall be four years, save that this time limit shall not apply to any post which is held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected at an Annual General Meeting.

Policies and procedures adopted for the induction and training of Directors

All new Directors receive an induction’. Directors will also be provided with adequate opportunities to undertake and receive suitable training so as to enable them to undertake their role more effectively.

Organisational structure

The structure consists of the following connected elements: the Directors, the Chief Executive, the Local Governing Bodies and the Headteachers.

The Directors are responsible for setting general Trust policy, adopting an annual Trust plan and budget, monitoring the Academies, budget monitoring and making major decisions about the direction of the Academy Trust, capital expenditure and senior staff appointments.

The Chief Executive is the Accounting Officer and is responsible to the Board of Directors for the overall performance of the Trust and its constituent schools.

Local Governing Bodies are responsible for the strategic direction and financial oversight of their schools and holding their Headteacher to account for the performance of the school.

Headteachers are responsible for the overall performance of their schools and meeting the objectives set for them by their Local Governing Body and the Directors.

PARTNERSHIP LEARNING

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Arrangements for setting pay and remuneration of key management personnel

Directors/Trustees receive no pay or remuneration for acting as Directors/Trustees, only approved expenses.

The pay and remuneration of the Chief Executive and Trust central senior management team is set by the Board of Trustees' Personnel and Remuneration Committee, which takes account of market intelligence and benchmarking against similar roles.

The pay and remuneration of Headteachers and senior school staff is set by Local Governing Boards, following the requirements of the School Teachers Pay and Conditions Document.

Related parties and other connected charities and organisations

Objectives and activities

Objects and aims

The Principal Guiding Aim is to ensure that each student within the Trust's schools has an equal opportunity to experience a whole curriculum that is balanced, relevant and broadly based and which will promote the intellectual, cultural, moral, spiritual, aesthetic and physical development of the individual to the benefit of his or herself, the school and the wider community.

Vision

The Trust's Vision is to maximise social mobility and personal and community well-being by giving pupils in all its schools the same opportunities as their most favoured peers:

- consistently good teaching;
- schools organised around the aptitude profile and potential of their pupils; and
- wide-ranging enrichment activities to develop confidence, oracy and resilience;

ensuring all pupils achieve the best possible outcomes and successful transitions to further study and working life.

The main objective of Partnership Learning during the year to 31 August 2018 was to continue to develop its new role as a Multi-Academy Trust and work towards achieving its vision.

Objectives, strategies and activities

Public benefit

The Directors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. In particular, the Directors consider how planned activities will contribute to the aims and objectives they have set.

Admissions arrangements

Partnership Learning's schools adhere to the admissions criteria of the London Borough of Barking & Dagenham for its schools based in Barking and Dagenham, to the admissions criteria of the London Borough of Havering for its schools based in Havering and to the admissions criteria of the Borough of Southend for its school based in Southend - the main entry criterion in the event of over subscription in each case being distance from home to school.

Strategic report

Achievements and performance

Partnership Learning has high aspirations for its students and a drive for continuous improvement. The Trust's analysis of examination/test performance is thorough, and much use is made of performance and benchmarking data from a range of sources.

Current pupil assessments show that the Trust's schools are on track to meet their targets in all main achievement measures.

The trading activity has been consolidated into these accounts and details are included in note 13.

PARTNERSHIP LEARNING

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

The key performance indicators include monitoring of expenditure of EFA grant funding. The levels of capital expenditure for new facilities together with actual and projected cash flow and reserves have also been monitored. These items are all reported in the financial statements.

Going concern

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

Financial review

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £50,232k (2017: £38,565k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds, transfers on conversion and transfers to restricted fixed asset funds) was £2,048k (2017: £833k income over expenditure).

At 31 August 2018 the net book value of fixed assets was £159,646k (2017: £130,987k). Movements in tangible fixed assets are shown in Note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust's schools.

The Local Government Pension Funds, in which the Academy participates, showed a deficit of £6,161k (2017:£5,739k) at 31 August 2018.

The Trading company received income of £1,060k to build a nursery for the London Borough of Barking and Dagenham, the total expenditure was £1,039k before management fees from Partnership Learning.

Reserves policy

The Directors review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of unrestricted funds should be equivalent 5% of budgeted income, approximately £2,100K (2017: £2,100k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of unrestricted funds of £2,130k (2017: £2,217k) (total funds less the amount held in fixed assets and restricted funds).

The directors are hoping to increase the level of unrestricted funds in the future.

PARTNERSHIP LEARNING

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Investment policy

Under the Memorandum and Articles of Association, the Academy Trust has the power to invest funds not immediately required for its own purposes, in any way the Directors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Financial position

The Academy Trust held fund balances at 31 August 2018 of £155,833 (2017:£ 126,309k) comprising £153,703k (2017: £124,092k) of restricted funds and £2,130k (2017:£2,217k) of unrestricted general funds. Of the restricted funds £159,618k (2017:£129,561k) is represented by tangible fixed assets and £246k (2016:£270k) of general restricted funds.

The pension reserve which is considered part of restricted funds was £6,161k (2017:£5,739k) in deficit.

Principal risks and uncertainties

The Directors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Directors have implemented a number of systems to assess risks that its schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Directors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 9.

The principal risks and uncertainties that Partnership Learning faces are:

Pupil achievement risks

Mitigation: Directors ensure rigorous monitoring and data collection processes are in place to alert them to any signs of deteriorating standards of achievement in their schools. A team of School Improvement Advisers works with schools to ensure a programme of continuous improvement. The programme consists of support provided centrally from Partnership Learning, school to school support from the Trust's schools and brokered external support if needed. The schools in the Trust work together to raise standards for all pupils in order to ensure they attain the very best outcomes.

Potential of reduced funding and cash flow

Mitigation: The Trust works hard to develop robust pupil recruitment policies with its schools to underpin core pupil numbers, which is the main driver of funding, and to react quickly to any falling pupil numbers by adjusting expenditure accordingly. The Trust also continually seeks to widen its range of income streams, for instance by selling services outside the Trust.

Provision of Facilities

Mitigation: The Trust protects against major facilities risks (fire, theft, etc) through insurance via the Risk Protection Arrangement (RPA) scheme, which is backed by the UK government. Day to day operational risks relating to the ongoing maintenance of these facilities is mitigated through a process of annual condition surveys and work with schools to ensure that operational and legislative requirements are met. The Trust is eligible for a School Condition Allocation, which will provide additional resources to directly support maintenance of school estates.

PARTNERSHIP LEARNING

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial and risk management objectives and policies

The financial risks which Partnership Learning is exposed to relate primarily to

- change in government and legislation
- potential of reduced funding and cash flow
- reduction in student numbers

A risk arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £6,161k (£5,739k).

Plans for future periods

Partnership Learning will work to maintain the performance of its students at all levels. Additionally, it will continue its efforts to improve the achievements of its students, not only in academic subjects but also in extra-curricular activities and in essential life skills; so as to increase the number of opportunities open to its students when they move on to higher education and ultimately employment. Directors recognize that through good financial management they wish to be able to maintain and improve the quality of the built environment of the Trust's schools including staff and student facilities. A planned maintenance programme will be developed and implemented to maintain and improve the Trust's schools' facilities.

The Trust has been approved to open four additional new free schools over the next three years: Greatfields Primary School (primary) Mallard Primary School (primary) Beam High School (secondary) and Beam Bridge School (special).

The Trust also expects to add a minimum of one additional existing school during the coming academic year (2018-19): George Mitchell School (all-through) in the London Borough of Waltham Forest.

Auditor

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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.

The directors' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 20 December 2018 and signed on its behalf by:

D Singleton
Chair

PARTNERSHIP LEARNING

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As Directors we acknowledge we have overall responsibility for ensuring that Partnership Learning 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 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 Partnership Learning 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 four times during the year. Attendance during the year at meetings of the board of directors was as follows:

Directors	Meetings attended	Out of possible
D Singleton (Chair)	3	4
A Lazell	1	4
J Farquharson	3	4
R Leighton (Accounting Officer)	4	4
I Rowley	4	4
S Mubashar	4	4
P McPartland	4	4

During the year the Chair of Directors, the CEO and the Company Secretary carried out an informal self-review of governance. The review determined that there was a need to explore adding to the number and range of expertise of Directors and attempting to address the current gender imbalance. The Directors intend to commission an external review of governance as defined by the National College for Teaching and Leadership during the 2018-19 Academy Year.

The Finance Committee is a sub-committee of the main board of directors. Its purpose is to oversee Financial Management & Policies and General Financial Matters and provide financial scrutiny and oversight.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
D Singleton (Chair)	3	3
J Farquharson	3	3
S Mubashar	3	3

The Audit Committee is a sub-committee of the main board of directors. Its purpose is to oversee External Audit, the Internal Controls Framework (including Internal Audit), Financial Management & Policies and General Financial Matters.

PARTNERSHIP LEARNING

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
D Singleton (Chair)	4	4
J Farquharson	3	4
S Mubashar	4	4

Review of value for money

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

The Board of Directors are committed to achieving 'Value for Money' in all decisions made. The Board of Directors use the principles of 'Value for Money' as they commit to securing continuous improvement across the trust through:

- Regularly reviewing the functions of the Trust and its schools, challenging how and why services are provided and setting targets and performance indicators for improvement;
- Monitoring outcomes and comparing performance within the Trust, both between schools in the Trust and with other schools;
- Consulting appropriate stakeholders before major decisions are made, in line with the scheme of financial delegation;
- Promoting fair competition through quotations and tenders to ensure that goods and services are procured in the most economic, efficient and effective way.

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 Partnership Learning for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Directors.

PARTNERSHIP LEARNING

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

The board of directors has considered the need for a specific internal audit function and has decided not to appoint a responsible officer. However the Directors have appointed Essex County Council as Internal Auditor (IA).

The checks carried out in the period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

The internal auditor provided, on a termly basis, reports to the Board of Directors on financial matters and performed a range of checks on the Academy Trust's financial systems. The internal auditor provided on a termly basis; reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Director's financial responsibilities.

Review of effectiveness

As accounting officer the CEO 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 internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of directors on 20 December 2018 and signed on its behalf by:

D Singleton
Chair

R Leighton
Accounting Officer

PARTNERSHIP LEARNING

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Partnership Learning I have considered my responsibility to notify the academy trust board of directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

During the year monthly internal control procedures in relation to the reconciliation of control accounts were not always adhered to, as a result of which extensive additional accounting work was required at the year end to correct the mispostings.

A number of staff expense transactions were not authorised and therefore not following the Trusts procedures throughout the year.

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

R Leighton
Accounting Officer

PARTNERSHIP LEARNING

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The directors (who also act as trustees for Partnership Learning) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under company law the Directors must not approve the consolidated 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 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements 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; and
- prepare the consolidated 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 consolidated 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of directors on 20 December 2018. and signed on its behalf by:

D Singleton
Chair

PARTNERSHIP LEARNING

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTNERSHIP LEARNING

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the consolidated financial statements of Partnership Learning for the year ended 31 August 2018 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated statement of cash flows and the notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs and its subsidiary as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

PARTNERSHIP LEARNING

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTNERSHIP LEARNING (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

PARTNERSHIP LEARNING

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTNERSHIP LEARNING (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Catherine Cooper (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy**

20 December 2018

Statutory Auditor

Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

PARTNERSHIP LEARNING

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PARTNERSHIP LEARNING AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 20 June 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Partnership Learning during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Partnership Learning's funding agreement with the Secretary of State for Education dated 20 July 2013 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

PARTNERSHIP LEARNING

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PARTNERSHIP LEARNING AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Conclusion

In the course of our work, except for the matters set out on the statement on regularity, propriety and compliance on page 12, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Wilkins Kennedy
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Dated: 20 December 2018

PARTNERSHIP LEARNING

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Donations and capital grants	3	308	53	8,176	8,537	44,755
Donations - transfer from local authority on conversion	29	15	(1,061)	24,560	23,514	10,343
Donations - transfer of existing academy into the trust	29	-	-	-	-	14,338
Charitable activities:						
- Funding for educational operations	4	-	41,921	-	41,921	34,290
- Funding for scitt	28	-	703	-	703	1,909
Other trading activities	5	2,520	295	-	2,815	1,599
Investments	6	5	-	-	5	3
Total		<u>2,848</u>	<u>41,911</u>	<u>32,736</u>	<u>77,495</u>	<u>107,237</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	874	44,215	3,425	48,514	36,797
- SCITT	28	-	679	-	679	1,768
- Trading activities		1,039	-	-	1,039	
Total	7	<u>1,913</u>	<u>44,894</u>	<u>3,425</u>	<u>50,232</u>	<u>38,565</u>
Net income/(expenditure)		935	(2,983)	29,311	27,263	68,672
Transfers between funds	19	(1,022)	276	746	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	21	-	2,261	-	2,261	2,021
Net movement in funds		(87)	(446)	30,057	29,524	70,693
Reconciliation of funds						
Total funds brought forward		<u>2,217</u>	<u>(5,469)</u>	<u>129,561</u>	<u>126,309</u>	<u>55,616</u>
Total funds carried forward		<u>2,130</u>	<u>(5,915)</u>	<u>159,618</u>	<u>155,833</u>	<u>126,309</u>

PARTNERSHIP LEARNING

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2017
		£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	3	168	30	44,557	44,755
Donations - transfer from local authority on conversion		74	(895)	11,164	10,343
Donations - transfer of existing academy into the trust		1,774	(1,669)	14,233	14,338
Charitable activities:					
- Funding for educational operations	4	-	34,290	-	34,290
- Funding for scitt	28	-	1,909	-	1,909
Other trading activities	5	1,303	296	-	1,599
Investments	6	3	-	-	3
Total		<u>3,322</u>	<u>33,961</u>	<u>69,954</u>	<u>107,237</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	704	34,694	1,399	36,797
- SCITT	28	-	1,768	-	1,768
Total	7	<u>704</u>	<u>36,462</u>	<u>1,399</u>	<u>38,565</u>
Net income/(expenditure)		2,618	(2,501)	68,555	68,672
Transfers between funds	19	(1,492)	(906)	2,398	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	21	-	2,021	-	2,021
Net movement in funds		1,126	(1,386)	70,953	70,693
Reconciliation of funds					
Total funds brought forward		<u>1,091</u>	<u>(4,083)</u>	<u>58,608</u>	<u>55,616</u>
Total funds carried forward		<u>2,217</u>	<u>(5,469)</u>	<u>129,561</u>	<u>126,309</u>

PARTNERSHIP LEARNING
CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		159,646		130,987
Current assets					
Debtors	15	3,239		2,476	
Cash at bank and in hand		6,850		5,332	
			10,089		7,808
Current liabilities					
Creditors: amounts falling due within one year	16	(7,273)		(6,037)	
Net current assets			2,816		1,771
Total assets less current liabilities			162,462		132,758
Creditors: amounts falling due after more than one year	17		(468)		(710)
Net assets excluding pension liability			161,994		132,048
Defined benefit pension scheme liability	21		(6,161)		(5,739)
Net assets			155,833		126,309
Funds of the academy trust:					
Restricted funds	19				
- Fixed asset funds			159,618		129,561
- Restricted income funds			246		270
- Pension reserve			(6,161)		(5,739)
Total restricted funds			153,703		124,092
Unrestricted income funds	19		2,130		2,217
Total funds			155,833		126,309

The financial statements were approved by the Directors and authorised for issue on 20 December 2018 and are signed on their behalf by:

D Singleton
Chair

Company Number 08339345

PARTNERSHIP LEARNING

ACADEMY BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		159,646		130,987
Current assets					
Debtors	15	3,087		2,476	
Cash at bank and in hand		6,774		5,332	
		<u>9,861</u>		<u>7,808</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(7,054)		(6,037)	
Net current assets			<u>2,807</u>		<u>1,771</u>
Total assets less current liabilities			162,453		132,758
Creditors: amounts falling due after more than one year	17		<u>(468)</u>		<u>(710)</u>
Net assets excluding pension liability			161,985		132,048
Defined benefit pension scheme liability	21		<u>(6,161)</u>		<u>(5,739)</u>
Net assets			<u>155,824</u>		<u>126,309</u>
Funds of the academy trust:					
Restricted funds	19				
- Fixed asset funds			159,618		129,561
- Restricted income funds			258		270
- Pension reserve			<u>(6,161)</u>		<u>(5,739)</u>
Total restricted funds			153,715		124,092
Unrestricted income funds	19		<u>2,109</u>		<u>2,217</u>
Total funds			<u>155,824</u>		<u>126,309</u>

The financial statements were approved by the Directors and authorised for issue on 20 December 2018 and are signed on their behalf by:

D Singleton
Chair

Company Number 08339345

PARTNERSHIP LEARNING

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	22		1,285		3,273
Cash funds transferred on conversion			15		2,067
			<u>1,300</u>		<u>5,340</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		5		3	
Capital grants from DfE Group		2,083		1,364	
Capital funding received from sponsors and others		223		-	
Purchase of tangible fixed assets		(1,654)		(3,331)	
		<u></u>		<u></u>	
Net cash provided by/(used in) investing activities			657		(1,964)
Cash flows from financing activities					
Repayment of long term bank loan		(392)		(429)	
Finance costs		(47)		(94)	
		<u></u>		<u></u>	
Net cash used in financing activities			(439)		(523)
Net increase in cash and cash equivalents in the reporting period			1,518		2,853
Cash and cash equivalents at beginning of the year			5,332		2,479
			<u>6,850</u>		<u>5,332</u>
Cash and cash equivalents at end of the year			<u>6,850</u>		<u>5,332</u>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Partnership Learning is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Directors' report.

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

1.1 Basis of preparation

The consolidated financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The Directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the consolidated financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Basis of consolidation

The financial statements consolidate on a line-by-line basis the results of the Academy Trust and Partnership Contracting Limited. A separate Statement of Financial Activities and income and expenditure for the Academy Trust is not preserved because the Academy Trust has taken advantage of the exemptions afforded by the Companies Act 2006 and paragraph 397 of the SORP.

1.4 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from James Cambell Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 29.

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1.5 Income

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

Grants

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

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

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

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

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

Interest Receivable

Included within the statement of financial activities on a receivable basis.

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.7 Tangible fixed assets and depreciation

Assets costing £10,000 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 the cost is transferred to the restricted fixed asset fund, depreciation on such assets is charged to the restricted fixed asset fund.

The academy has a 125 year lease on its land and buildings with Local Authority at Sydney Russell School, Thames View Junior School, Eastbury Primary school, James Cambell Primary School, Greatfields School, and Harrow Lodge. Southchurch High School's land and buildings have been valued by the directors based on average between the property valuation and freehold interest valuation. Harrow Lodge Primary School's valuation is based on the valuation provided by the Local Authority on conversion.

Riverside Bridge School, Riverside Primary School and Riverside School all share a site on a 125 year lease with the Local Authority which was valued by the Local Authority on transfer into the trust.

The Albany School's property is freehold.

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

Land and buildings	Buildings 2%, land not depreciated
Assets under construction	Not depreciated
Computer equipment	33.3%
Fixtures, fittings & equipment	10%
Motor vehicles	20%

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.8 Liabilities

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

1.9 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.10 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 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 chapter 3 part 11 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.

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

1.12 Pensions benefits

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

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

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

1.13 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency and Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency and Department for Education.

1.14 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property plant and equipment, and note 1.7 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no other key assumptions concerning the future or the other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Donations and capital grants

Group and Academy

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Donated fixed assets	-	5,870	5,870	43,193
Capital grants	-	2,306	2,306	1,364
Other donations	308	53	361	198
	<u>308</u>	<u>8,229</u>	<u>8,537</u>	<u>44,755</u>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

Group and Academy

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	35,512	35,512	28,177
Start up grants	-	543	543	465
Other DfE group grants	-	2,942	2,942	3,012
	-	38,997	38,997	31,654
Other government grants				
Local authority grants	-	2,316	2,316	924
Other government grants	-	922	922	2,161
	-	3,238	3,238	3,085
Other funding				
SCITT income	-	389	389	1,460
Total funding	-	42,624	42,624	36,199

5 Other trading activities

Group

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	238	-	238	253
Catering income	874	-	874	699
Southern Consortium income	-	295	295	296
Trading income	1,060	-	1,060	-
Other income	348	-	348	351
	2,520	295	2,815	1,599

5 Other trading activities

Academy

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	238	-	238	253
Catering income	874	-	874	699
Southern Consortium income	-	295	295	296
Intercompany	-	12	12	-
Other income	348	-	348	351
	1,460	307	1,767	1,599

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Investment income Group and Academy

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	5	-	5	3

7 Expenditure Group

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Academy's educational operations					
- Direct costs	27,942	2,819	2,301	33,062	25,179
- Allocated support costs	7,190	4,383	3,879	15,452	11,618
SCITT					
- Direct costs	518	-	11	135	1,562
- Allocated support costs	116	13	21	150	206
Trading					
-Direct Costs	-	-	1,039	1,039	-
	<u>35,766</u>	<u>7,215</u>	<u>7,251</u>	<u>50,232</u>	<u>38,565</u>

7 Expenditure Academy

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Academy's educational operations					
- Direct costs	27,942	2,819	2,301	33,062	25,179
- Allocated support costs	7,190	4,383	3,879	15,452	11,618
SCITT					
- Direct costs	518	-	11	135	1,562
- Allocated support costs	116	13	21	150	206
	<u>35,766</u>	<u>7,215</u>	<u>6,212</u>	<u>49,193</u>	<u>38,565</u>

Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Fees payable to auditor for:		
- Audit	34	33
- Other services	11	35
Depreciation of tangible fixed assets	3,425	1,399
Bank and loan interest	47	94
Net interest on defined benefit pension liability	170	140

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Central services

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

- human resources and payroll;
- financial services;
- legal services;
- licensing costs.

The academy trust charges for these services based on each schools pupil numbers and a recharge of central licensing costs.

The amounts charged during the year were as follows:

	2018	2017
	£'000	£'000
Harrow Lodge Primary School	33	-
Southchurch High School	-	-
Riverside Bridge School	99	65
Riverside Primary School	46	32
Eastbury Primary School	143	126
Riverside School	196	145
The Sydney Russell School	475	436
Thames View Junior School	113	116
The Albany School	130	73
Greatfields School	71	38
James Cambell Primary School	105	33
	<u>1,411</u>	<u>1,064</u>

9 Charitable activities

	Unrestricted	Restricted	Total	Total
	funds	funds	2018	2017
	£'000	£'000	£'000	£'000
Direct costs				
Educational operations	-	33,062	33,062	25,179
SCITT	-	529	529	1,562
Trading activities	1,039	-	1,039	-
Support costs				
Educational operations	874	14,694	15,568	11,618
SCITT	-	150	150	206
	<u>1,913</u>	<u>48,319</u>	<u>50,232</u>	<u>38,565</u>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Charitable activities (continued)

	SCITT £'000	Educational operations £'000	Total 2018 £'000	Total 2017 £'000
Analysis of support costs				
Support staff costs	116	7,190	7,306	5,640
Depreciation	-	606	606	40
Technology costs	3	413	416	322
Premises costs	13	3,777	3,790	2,380
Other support costs	18	3,373	3,391	3,336
Governance costs	-	93	93	106
	<u>150</u>	<u>15,452</u>	<u>15,602</u>	<u>11,824</u>

10 Staff Group and Academy

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	25,928	20,732
Social security costs	2,557	2,074
Pension costs	5,548	4,046
Staff costs	<u>34,033</u>	<u>26,852</u>
Agency staff costs	710	1,379
Staff restructuring costs	94	59
Staff development and other staff costs	929	773
Total staff expenditure	<u><u>35,766</u></u>	<u><u>29,063</u></u>
Staff restructuring costs comprise:		
Redundancy payments	<u>94</u>	<u>59</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £94k (2017: £59k). Individually, the payments were: £30.0k, £18.6k, £16.0k, £10.0k, £7.2k, £6.1k, 4.1k and £2.0k

Staff numbers

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

	2018 Number	2017 Number
Teachers	454	396
Administration and support	517	501
Management	6	6
	<u>977</u>	<u>903</u>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	25	20
£70,001 - £80,000	14	8
£80,001 - £90,000	3	2
£90,001 - £100,000	1	2
£100,001 - £110,000	2	2
£140,001 -£150,000	2	1
£190,001- £200,000	-	-
£210,001- £220,000	1	1
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the academy trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the academy trust was £738k (2017: £693k).

11 Directors' remuneration and expenses

The Chief Executive only receives remuneration in respect of services he provides undertaking the role of Chief Executive, and not in respect of his service as Director. Other Directors did not receive any payments, other than expenses, from the academy trust in respect of their role as Directors. During the year expenditure totalling £350 (2017: £1,250) was paid to Directors in relation of travel costs.

The value of the Chief Executive's remuneration was as follows:

R Leighton

- Remuneration £210,000- £215,000 (2017: £210,000- £215,000)
- Employer's pension contributions £Nil(2017: £Nil)

Other related party transactions involving the Directors are set out within the related parties note.

12 Directors and officers insurance

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

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13 Partnership Contracting Limited

Included within the consolidated financial statements is the Partnership Contracting Limited, Company number 11119192. The company is limited by guarantee, of which Partnership Learning is the sole member. The company provides building contractual services.

	2018	2017
	£'000	£'000
Turnover	1,060	-
Cost of sales	(1,039)	-
Management charge	(12)	-
	<u>9</u>	<u>-</u>

The assets and liabilities of Partnership Contracting Limited at 31 August 2018 were:

	2018	2017
	£'000	£'000
Cash	76	-
Sundry debtors and VAT	164	-
Trade creditors and accruals	(219)	-
Management charge	(12)	-
Net Funds	<u>9</u>	<u>-</u>

14 Tangible fixed assets Group and Academy

	Land and buildings	Assets under construction	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September	132,265	71	882	550	-	133,768
Transfer on	24,560	-	-	173	-	24,733
Additions	6,466	(71)	615	308	33	7,351
At 31 August	<u>163,291</u>	<u>-</u>	<u>1,497</u>	<u>1,031</u>	<u>33</u>	<u>165,852</u>
Depreciation						
At 1 September	2,705	-	11	65	-	2,781
Charge for the	2,819	-	496	103	7	3,425
At 31 August	<u>5,524</u>	<u>-</u>	<u>507</u>	<u>168</u>	<u>7</u>	<u>6,206</u>
Net book value						
At 31 August	<u>157,767</u>	<u>-</u>	<u>990</u>	<u>863</u>	<u>26</u>	<u>159,646</u>
At 31 August	<u>129,560</u>	<u>71</u>	<u>871</u>	<u>485</u>	<u>-</u>	<u>130,987</u>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Tangible fixed assets (continued)

Included in land and buildings is land valued at £22,360k (2017: £19,072k) which is not depreciated

Transactions relating to land and building additions during the year include:

- the phase 1 building of Greatfields School
- a new toilet block and roof at Harrow Lodge
- a new staffroom and CPC at James Cambell Primary School

15 Debtors Group	2018	2017
	£'000	£'000
Trade debtors	265	373
VAT recoverable	1,424	983
Other debtors	42	524
Prepayments and accrued income	1,508	596
	<u>3,239</u>	<u>2,476</u>
Academy	2018	2017
	£'000	£'000
Trade debtors	265	373
Amounts owed by group undertakings	12	-
VAT recoverable	1,296	983
Other debtors	6	524
Prepayments and accrued income	1,508	596
	<u>3,087</u>	<u>2,476</u>
16 Creditors: amounts falling due within one year Group	2018	2017
	£'000	£'000
Government loans	566	716
Trade creditors	2,048	1,714
Other taxation and social security	744	629
Other creditors	1,783	1,898
Accruals and deferred income	2,132	1,080
	<u>7,273</u>	<u>6,037</u>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16	Creditors: amounts falling due within one year Academy	2018	2017
		£'000	£'000
	Government loans	566	716
	Trade creditors	1,884	1,714
	Other taxation and social security	744	629
	Other creditors	1,783	1,898
	Accruals and deferred income	2,077	1,080
		<u>7,054</u>	<u>6,037</u>
17	Creditors: amounts falling due after more than one year Group and Academy	2018	2017
		£'000	£'000
	Government loans	468	710
		<u>468</u>	<u>710</u>
	Analysis of loans		
	Wholly repayable within five years	1,034	1,426
	Less: included in current liabilities	(566)	(716)
	Amounts included above	<u>468</u>	<u>710</u>
	Loan maturity		
	Debt due in one year or less	566	716
	Due in more than one year but not more than two years	468	483
	Due in more than two years but not more than five years	-	227
		<u>1,034</u>	<u>1,426</u>

Included within government loans are three loans which are provided on the following terms.

A remaining £598k loan between Eastbury Primary School and the London Borough of Barking and Dagenham, repayable by January 2021.

A remaining £421k loan between Sydney Russell School and the London Borough of Barking and Dagenham with an annual interest rate of 5% and repayable quarterly until 01/01/2020.

A remaining £14k loan between Harrow Lodge Primary School and the London Borough of Havering, interest free and repayable by 21 March 2019.

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Deferred income Group and Academy	2018 £'000	2017 £'000
Deferred income is included within:		
Creditors due within one year	319	220
Deferred income at 1 September 2017	220	152
Released from previous years	(220)	(152)
Resources deferred in the year	319	220
Deferred income at 31 August 2018	319	220

At the balance sheet date the academy Trust was holding funds for Universal Infant Free School Meals, Trip income and Growth funding which has been received in advance relating to the year 2018/19.

19 Funds	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	35,512	(35,917)	405	-
Start up grants	-	543	(543)	-	-
Other DfE / ESFA grants	-	2,942	(2,942)	-	-
Other government grants	-	2,924	(2,924)	-	-
SCITT	141	703	(679)	(129)	36
Other restricted funds	129	348	(267)	-	210
Pension reserve	(5,739)	(1,061)	(1,622)	2,261	(6,161)
	<u>(5,469)</u>	<u>41,911</u>	<u>(44,894)</u>	<u>2,537</u>	<u>(5,915)</u>
Restricted fixed asset funds					
Transfer on conversion	-	24,560	-	(24,560)	-
DfE group capital grants	-	2,306	-	(1,300)	1,006
Loans with local authority	(1,426)	-	-	392	(1,034)
General fixed assets	130,987	5,870	(3,425)	26,214	159,646
	<u>129,561</u>	<u>32,736</u>	<u>(3,425)</u>	<u>746</u>	<u>159,618</u>
Total restricted funds	<u>124,092</u>	<u>74,647</u>	<u>(48,319)</u>	<u>3,425</u>	<u>153,703</u>
Unrestricted funds					
Trading Funds	-	1,060	(1,039)	(12)	9
General funds	2,217	1,788	(874)	(1,010)	2,121
Total funds	<u>126,309</u>	<u>77,495</u>	<u>(50,232)</u>	<u>2,261</u>	<u>155,833</u>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DFE/ESFA grants: This includes the pupil premium, summer school, Year 7 catch up, ICT funding and other DFE grants.

Other government grants: This includes SEN funding and additional pupil premium received from the Local Authority.

SCITT: This includes the SCITT see note 28.

Other restricted funds includes Southern Consortium income.

DFE/ESFA Capital grants: includes the devolved formula capital grant, the school condition allocation and building provided under the free school funding.

Transfers of funds relate to the purchase of fixed assets and overspend on GAG funding.

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	144	28,177	(27,415)	(906)	-
Start up grants	-	465	(465)	-	-
Other DfE / ESFA grants	-	3,012	(3,012)	-	-
Other government grants	-	2,636	(2,636)	-	-
SCITT	-	1,909	(1,768)	-	141
Other restricted funds	-	326	(197)	-	129
Pension reserve	(4,227)	(2,564)	(969)	2,021	(5,739)
	<u>(4,083)</u>	<u>33,961</u>	<u>(36,462)</u>	<u>1,115</u>	<u>(5,469)</u>
Restricted fixed asset funds					
Transfer on conversion	-	25,397	-	(25,397)	-
DfE group capital grants	-	1,364	-	(1,364)	-
Loans with local authority	(1,856)	-	-	430	(1,426)
General fixed assets	60,464	43,193	(1,399)	28,729	130,987
	<u>58,608</u>	<u>69,954</u>	<u>(1,399)</u>	<u>2,398</u>	<u>129,561</u>
Total restricted funds	<u>54,525</u>	<u>103,915</u>	<u>(37,861)</u>	<u>3,513</u>	<u>124,092</u>
Unrestricted funds					
General funds	1,091	3,322	(704)	(1,492)	2,217
Total funds	<u>55,616</u>	<u>107,237</u>	<u>(38,565)</u>	<u>2,021</u>	<u>126,309</u>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	144	63,689	(63,332)	(501)	-
Start up grants	-	1,008	(1,008)	-	-
Other DfE / ESFA grants	-	5,954	(5,954)	-	-
Other government grants	-	5,560	(5,560)	-	-
SCITT	-	2,612	(2,447)	-	165
Other restricted funds	-	686	(464)	-	222
Pension reserve	(4,227)	(3,625)	(2,591)	4,282	(6,161)
	<u>(4,083)</u>	<u>75,884</u>	<u>(81,356)</u>	<u>3,795</u>	<u>(5,774)</u>
Restricted fixed asset funds					
Transfer on conversion	-	49,957	-	(49,957)	-
DfE group capital grants	-	3,670	-	(2,664)	1,006
Loans with local authority	(1,856)	-	-	822	(1,034)
General fixed assets	60,464	49,063	(4,824)	54,943	159,646
	<u>58,608</u>	<u>102,690</u>	<u>(4,824)</u>	<u>3,146</u>	<u>159,617</u>
Total restricted funds	<u>54,525</u>	<u>178,574</u>	<u>(86,180)</u>	<u>6,938</u>	<u>153,857</u>
Unrestricted funds					
General funds	1,091	5,110	(1,578)	(2,643)	1,980
Total funds	<u>55,616</u>	<u>183,684</u>	<u>(87,758)</u>	<u>4,282</u>	<u>155,824</u>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

Total funds analysis by academy

	2018	2017
	£'000	£'000
Fund balances at 31 August 2018 were allocated as follows:		
Harrow Lodge Primary School	1	-
Southchurch High School	1	-
Riverside Bridge School	1	1
Riverside Primary School	1	1
Eastbury Primary School	1	1
Riverside School	1	1
The Sydney Russell School	1	1
Thames View Junior School	1	1
The Albany School	1	1
Greatfields School	1	1
James Cambell Primary School	1	1
SCITT	36	141
Trading company	9	
Partnership Learning	2,320	2,337
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	2,376	2,487
Restricted fixed asset fund	159,617	129,561
Pension reserve	(6,161)	(5,739)
	<hr/>	<hr/>
Total funds	155,823	126,309
	<hr/>	<hr/>

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£'000	£'000	£'000	£'000	£'000
Harrow Lodge Primary School	766	146	33	159	1,104
Southchurch High School	353	113	16	128	610
Riverside Bridge School	1,841	128	67	395	2,431
Riverside Primary School	322	73	36	152	583
Eastbury Primary School	3,208	600	52	663	4,523
Riverside School	3,161	612	212	1,255	5,240
The Sydney Russell School	8,572	1,453	455	2,738	13,218
Thames View Junior School	1,974	179	65	432	2,650
The Albany School	3,163	719	188	758	4,828
Greatfields School	794	206	53	251	1,304
James Cambell Primary School	3,288	378	111	863	4,640
Partnership Learning	34	2,564	70	876	3,544
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	27,476	7,171	1,358	8,670	44,675
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	159,646	159,646
Current assets	2,121	6,734	1,006	9,861
Creditors falling due within one year	-	(6,020)	(1,034)	(7,054)
Creditors falling due after one year	-	(468)	-	(468)
Defined benefit pension liability	-	(6,161)	-	(6,161)
Trading Activities	9	-	-	9
Total net assets	2,130	(5,915)	159,618	155,833

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	130,987	130,987
Current assets	2,217	5,591	-	7,808
Creditors falling due within one year	-	(5,321)	(716)	(6,037)
Creditors falling due after one year	-	-	(710)	(710)
Defined benefit pension liability	-	(5,739)	-	(5,739)
Total net assets	2,217	(5,469)	129,561	126,309

21 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the local authority. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £562k (2017: £478k) were payable to the schemes at 31 August 2018 and are included within creditors.

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations (continued)

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £3,356k (2017: £1,964k).

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

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

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.4 per cent for employers and 5.5 % to 12.3% per cent for employees. The estimated value of employer contributions for the forthcoming year is £854k.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 29) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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.

Total contributions made	2018	2017
	£'000	£'000
Employer's contributions	1,534	1,253
Employees' contributions	413	335
Total contributions	<u>1,947</u>	<u>1,588</u>

Principal actuarial assumptions	2018	2017
	%	%
Rate of increase in salaries	2.9	2.9
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	<u>2.8</u>	<u>2.5</u>

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

	2018	2017
	Years	Years
Retiring today		
- Males	22.0	22.0
- Females	24.6	24.0
Retiring in 20 years		
- Males	24.0	24.7
- Females	<u>26.4</u>	<u>26.4</u>

Scheme liabilities would have been affected by changes in assumptions as follows:

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations (continued)

Defined benefit pension scheme net liability

Scheme assets	12,765	9,444
Scheme obligations	(18,926)	(15,183)
Net liability	<u>(6,161)</u>	<u>(5,739)</u>

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

	2018 Fair value £'000	2017 Fair value £'000
Equities	8,846	7,083
Bonds	2,527	1,750
Cash	566	44
Property	826	567
Total market value of assets	<u>12,765</u>	<u>9,444</u>

The actual return on scheme assets was £522,000 (2017: £377,000).

Amount recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	2,986	2,082
Interest income	(266)	(160)
Interest cost	436	300
Total operating charge	<u>3,156</u>	<u>2,222</u>

Changes in the present value of defined benefit obligations

	2018 £'000	2017 £'000
At 1 September 2017	15,183	8,555
Obligations acquired on conversion	1,999	5,828
Current service cost	2,986	2,082
Interest cost	436	300
Employee contributions	413	335
Actuarial gain	(2,005)	(1,804)
Benefits paid	(86)	(113)
At 31 August 2018	<u>18,926</u>	<u>15,183</u>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

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

	2018 £'000	2017 £'000
At 1 September 2017	9,444	4,328
Assets acquired on conversion	938	3,264
Interest income	266	160
Actuarial gain	256	217
Employer contributions	1,534	1,253
Employee contributions	413	335
Benefits paid	(86)	(113)
At 31 August 2018	12,765	9,444

22 Reconciliation of net income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the reporting period (as per the Statement of Financial Activities)	27,263	68,672
Adjusted for:		
Net surplus on conversion to academy	(23,514)	(24,681)
Capital grants from DfE/ESFA and other capital income	(8,176)	(44,557)
Investment income receivable	(5)	(3)
Finance costs payable	47	94
Defined benefit pension costs less contributions payable	1,452	829
Defined benefit pension net finance cost	170	140
Depreciation of tangible fixed assets	3,425	1,399
(Increase) in debtors	(763)	(275)
Increase in creditors	1,386	1,874
Stocks, debtors and creditors transferred on conversion	-	(219)
Net cash provided by operating activities	1,285	3,273

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

23 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

24 Commitments under operating leases

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

	2018	2017
	£'000	£'000
Amounts due within one year	77	80
Amounts due in two and five years	121	169
Amounts due after five years	31	53
	<u>229</u>	<u>302</u>

25 Related party transactions

Owing to the nature of the academy trust's operations 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 academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

There were no related party transactions in the period.

26 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

27 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £269,982 (2017: £171,809) and disbursed £371,541 (2017: £346,589) from the fund. An amount of £95,221 (2017: £196,780) is included in other creditors relating to undistributed funds that are repayable to ESFA in the event the students leaves the scheme.

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

28 SCITT trading account	2018		2017	
	£'000	£'000	£'000	£'000
Direct income				
Fee income		389		1,460
Government grants		314		449
		<u>703</u>		<u>1,909</u>
Direct costs				
Direct staff costs	394		987	
Technology costs	1		-	
Educational supplies and services	6		4	
Staff development	124		533	
Educational consultancy	1		36	
Other direct costs	3		2	
	<u>529</u>		<u>1,562</u>	
Other costs				
Support staff costs	116		188	
Technology costs	3		11	
Recruitment and support	3		2	
Maintenance of premises and equipment	-		1	
Rent and rates	13		-	
Security and transport	2		1	
Catering	2		-	
Other support costs	11		3	
	<u>150</u>		<u>206</u>	
Total expenditure		(679)		(1,768)
Net income		24		141
Transfer between funds		<u>(129)</u>		<u>-</u>
Surplus/(deficit) from all sources		(105)		141
SCITT balances at 1 September 2017		141		-
SCITT balances at 31 August 2018		<u>36</u>		<u>141</u>

PARTNERSHIP LEARNING

CONSOLIDATED NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

29 Conversion to an academy

On 01/03/2018 & 01/07/2018 Harrow Lodge Primary School and Southchurch High School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Partnership Learning from the Local Authority for £nil consideration.

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

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

Academy	Location	Date of conversion
Harrow Lodge Primary School	Havering	1 March 2018
Southchurch High School	Southend	1 July 2018

Net assets transferred:	2018 £'000
Freehold land and buildings	24,560
Cash	15
LGPS pension surplus/(deficit)	(1,061)
	<u>23,514</u>

Funds surplus/(deficit) transferred:	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000
Fixed assets funds	-	-	24,560	24,560
LA budget funds	15	-	-	15
LGPS pension funds	-	(1,061)	-	(1,061)
	<u>15</u>	<u>(1,061)</u>	<u>24,560</u>	<u>23,514</u>