

Company Registration No. 08339345 (England and Wales)

PARTNERSHIP LEARNING
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 financial statements	14 - 16
Independent reporting accountant's report on regularity	17 - 18
Statement of financial activities including income and expenditure account	19 - 20
Balance sheet	21
Statement of cash flows	22
Notes to the financial statements including accounting policies	23 - 50

PARTNERSHIP LEARNING

REFERENCE AND ADMINISTRATIVE DETAILS

Members

D Singleton	- Resigned 01.02.19
L Graham	
H Flint	
J Cripps	- Resigned 06.02.19
D Reedy	
J Plush	- Appointed 18.03.19
S Mubashar	- Appointed 18.03.19

Directors

D Singleton (Resigned 1 February 2019)
A Lazell
J Farquharson (Resigned 1 July 2019)
R Leighton (Accounting Officer)
I Rowley (Resigned 16 October 2019)
S Mubashar (Chair of Trustees)
P McPartland (Chair of Finance)

Senior management team

R Leighton	- Chief Executive
K Sayers	- Director of Operations
L Medlock	- Director of Finance
H Williams	- Director of Educational Standards (Appointed 01.09.19)
M Parvez	- Director of School Improvement
M Auden	- Director of Assets
M Junnix	- Director of ICT

Company secretary

M Brand

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
Hornchurch High School
Greatfields School
James Cambell Primary School
George Mitchell School

Location

Havering
Southend
Barking and Dagenham
Barking and Dagenham
Barking and Dagenham
Barking and Dagenham
Barking and Dagenham
Havering
Barking and Dagenham
Barking and Dagenham
Waltham Forest

Headteacher

L Searle
S Reynolds
K Cerri
S Kinnaird
L Shepherd and J Wilson
A Roberts
J Davies
R Anthony
V Masson
R Paul
H Williams
S Hussain

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 2019

The Directors present their annual report together with the financial statements and independent auditor's reports of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

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

- The Sydney Russell School, 4-18 mainstream all through school, approximately 2,400 pupils
- Riverside School, 11-18 mainstream secondary school, approximately 1,070 pupils
- Thames View Junior School, 7-11 mainstream junior school, approximately 480 pupils
- Riverside Bridge School, 4-16 special school, approximately 130 pupils
- Riverside Primary School, 4-11 primary school, approximately 120 pupils
- Eastbury Primary School, 4-11 primary school, approximately 840 pupils
- Hornchurch High School, 11-16 mainstream secondary school, approximately 727 pupils
- Greatfields School, 11-18 mainstream secondary school, approximately 550 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
- George Mitchell School, 4-16 mainstream all-through school, approximately 1,098 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.

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 2019

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 2019

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.

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 2019 was to continue to develop its role as a Multi-Academy Trust and work towards achieving its vision.

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, to the admissions criteria of the London Borough of Waltham Forest for its school based in Waltham Forest and to the admissions criteria of the Borough of Southend for its school based in Southend - the main entry criterion in all cases in the event of over subscription 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.

PARTNERSHIP LEARNING

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators

Key performance indicators for the Trust include:

Financial:

- Degree to which each constituent part of the Trust is in in-year surplus
- Overall level of unrestricted balances
- Total payroll costs as a percentage of recurring income in each school

Other:

- KS4 and KS2 Progress Score descriptors – aiming for 'Average' or better
- School Ofsted outcomes – aiming for 'Good' or better

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 2019 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 2019, total expenditure of £61,410k (2018: £49,193k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds, transfers on conversion and transfers to restricted fixed asset funds) was £1,020k (2018: £1,011k).

At 31 August 2019 the net book value of fixed assets was £172,679k (2018: £159,646k). 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 £14,877k (2018: £6,161k) at 31 August 2019.

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 to 5% of budgeted income, approximately £3,190k (2018: £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 £3,133k (2018: £2,109k) (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 2019

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 2019 of £160,897k (2018:£155,824k) comprising £157,764k (2018:£153,715k) of restricted funds and £3,133k (2018:£2,109k) of unrestricted general funds. Of the restricted funds £172,679k (2018:£159,646k) is represented by tangible fixed assets, £734k (2018: 1,006) unspent DfE capital grants, (£852k) (2018: (£1,034k)) loans with the local authority and £80k (2018:£258k) of general restricted funds.

The pension reserve which is considered part of restricted funds was £14,877k (2018:£6,161k) 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 8.

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 models financial scenarios based on high, medium and low income levels and keeps expenditure tightly under review to remain responsive to any fluctuations. 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 2019

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 £14,877k (2018: £6,161k).

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).

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 16 December 2019 and signed on its behalf by:

S Mubashar

Chair of Trustees

PARTNERSHIP LEARNING

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

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 five times during the year. Up to and including the Autumn Term 2018-19 the Board met only once a term, but from January 2019 onwards the Board met half-termly, thus meeting the new recommendation to meet six times per year. This will be the on-going pattern. The Board was still able to maintain effective oversight of funds during the Autumn Term 2018-19 because its Audit and Finance Committees both met during this term and reported to that term's Board Meeting. Attendance during the year at meetings of the board of directors was as follows:

Directors	Meetings attended	Out of possible
D Singleton (Resigned 1 February 2019)	1	1
A Lazell	4	5
J Farquharson (Resigned 1 July 2019)	0	4
R Leighton (Accounting Officer)	5	5
I Rowley (Resigned 16 October 2019)	5	5
S Mubashar (Chair of Trustees)	5	5
P McPartland (Chair of Finance)	5	5

During the year the Chair of Directors, the CEO and the Clerk to the Directors 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 during the 2019-20 academic 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
J Farquharson (Resigned 1 July 2019)	0	3
S Mubashar (Chair of Trustees)	3	3
P McPartland (Chair of Finance)	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 2019

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
D Singleton (Resigned 1 February 2019)	1	1
J Farquharson (Resigned 1 July 2019)	1	3
S Mubashar (Chair of Trustees)	2	3
P McPartland (Chair of Finance)	2	3

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 2018 to 31 August 2019 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 2018 to 31 August 2019 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 2019

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 will be providing, on a termly basis, reports to the Board of Directors on financial matters and performing a range of checks on the Academy Trust's financial systems. The internal auditor will be providing on a termly basis; the internal auditor 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.

The internal auditors have delivered their schedule of work as planned. A number of recommendations were made to further improve internal controls and effective remedial actions have been put in place to implement these recommendations.

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 16 December 2019 and signed on its behalf by:

R Leighton
Accounting Officer

S Mubashar
Chair of Trustees

PARTNERSHIP LEARNING

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

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 2018.

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.

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

16 December 2019

PARTNERSHIP LEARNING

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

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 Academies Accounts Direction 2018 to 2019 published 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 financial statements for each financial year. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of directors on 16 December 2019 and signed on its behalf by:

S Mubashar
Chair of Trustees

PARTNERSHIP LEARNING

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTNERSHIP LEARNING

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the financial statements of Partnership Learning for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the 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 2018 to 2019 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 as at 31 August 2019 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 2018 to 2019.

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 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 Directors are responsible for the other information, which comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 2019

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 financial year for which the 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 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 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 2019

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

19 December 2019

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 2019

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 2018 to 2019, 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 2018 to 31 August 2019 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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 2019

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 2018 to 31 August 2019 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: 19 December 2019

PARTNERSHIP LEARNING

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2019 £'000	Total 2018 £'000
Income and endowments from:						
Donations and capital grants	3	275	-	1,697	1,972	8,537
Donations - transfer from local authority on conversion	30	-	(2,383)	15,781	13,398	23,514
Charitable activities:						
- Funding for educational operations	4	-	53,592	-	53,592	41,921
- Funding for scitt	29	-	856	-	856	703
Other trading activities	5	1,980	9	-	1,989	1,767
Investments	6	4	-	-	4	5
Total		<u>2,259</u>	<u>52,074</u>	<u>17,478</u>	<u>71,811</u>	<u>76,447</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	929	56,020	3,851	60,800	48,514
- SCITT	29	-	812	-	812	679
Total	7	<u>929</u>	<u>56,832</u>	<u>3,851</u>	<u>61,612</u>	<u>49,193</u>
Net income/(expenditure)		1,330	(4,758)	13,627	10,199	27,254
Transfers between funds	19	(361)	704	(343)	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	21	-	(5,126)	-	(5,126)	2,261
Net movement in funds		969	(9,180)	13,284	5,073	29,515
Reconciliation of funds						
Total funds brought forward		<u>2,109</u>	<u>(5,903)</u>	<u>159,618</u>	<u>155,824</u>	<u>126,309</u>
Total funds carried forward		<u>3,078</u>	<u>(15,083)</u>	<u>172,902</u>	<u>160,897</u>	<u>155,824</u>

PARTNERSHIP LEARNING

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

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2018		Funds	General	Fixed asset	2018
	Notes	£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	3	308	53	8,176	8,537
Donations - transfer from local authority on conversion	30	15	(1,061)	24,560	23,514
Charitable activities:					
- Funding for educational operations	4	-	41,921	-	41,921
- Funding for scitt	29	-	703	-	703
Other trading activities	5	1,460	307	-	1,767
Investments	6	5	-	-	5
Total		1,788	41,923	32,736	76,447
Expenditure on:					
Charitable activities:					
- Educational operations	9	874	44,215	3,425	48,514
- SCITT	29	-	679	-	679
Total	7	874	44,894	3,425	49,193
Net income/(expenditure)		914	(2,971)	29,311	27,254
Transfers between funds	19	(1,022)	276	746	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	21	-	2,261	-	2,261
Net movement in funds		(108)	(434)	30,057	29,515
Reconciliation of funds					
Total funds brought forward		2,217	(5,469)	129,561	126,309
Total funds carried forward		2,109	(5,903)	159,618	155,824

PARTNERSHIP LEARNING

BALANCE SHEET

AS AT 31 AUGUST 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		172,679		159,646
Current assets					
Debtors	15	3,170		3,087	
Cash at bank and in hand		7,577		6,774	
		10,747		9,861	
Current liabilities					
Creditors: amounts falling due within one year	16	(7,147)		(7,054)	
Net current assets			3,600		2,807
Total assets less current liabilities			176,279		162,453
Creditors: amounts falling due after more than one year	17		(505)		(468)
Net assets before defined benefit pension scheme liability			175,774		161,985
Defined benefit pension scheme liability	21		(14,877)		(6,161)
Total net assets			160,897		155,824
Funds of the academy trust:					
Restricted funds	19				
- Fixed asset funds			172,902		159,618
- Restricted income funds			(206)		258
- Pension reserve			(14,877)		(6,161)
Total restricted funds			157,819		153,715
Unrestricted income funds	19		3,078		2,109
Total funds			160,897		155,824

The financial statements were approved by the Directors and authorised for issue on 16 December 2019 and are signed on their behalf by:

S Mubashar
Chair of Trustees

Company Number 08339345

PARTNERSHIP LEARNING

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by operating activities	22	398	1,209
Cash funds transferred on conversion		-	15
		<u>398</u>	<u>1,224</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		4	5
Capital grants from DfE Group		1,642	2,083
Capital funding received from sponsors and others		55	223
Purchase of tangible fixed assets		(1,103)	(1,654)
Net cash provided by investing activities		<u>598</u>	<u>657</u>
Cash flows from financing activities			
New long term loan		(341)	-
Repayment of long term loans		159	(392)
Finance costs		(11)	(47)
Net cash used in financing activities		<u>(193)</u>	<u>(439)</u>
Net increase in cash and cash equivalents in the reporting period		<u>803</u>	<u>1,442</u>
Cash and cash equivalents at beginning of the year		<u>6,774</u>	<u>5,332</u>
Cash and cash equivalents at end of the year		<u><u>7,577</u></u>	<u><u>6,774</u></u>

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2019

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 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 2018 to 2019 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 i.e. 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 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 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 George Mitchell 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 30.

1.4 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.

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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.

1.5 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.

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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.

1.6 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, depreciation on such assets is charged to the unrestricted fund.

The properties are included at a valuation provided by the local authority or calculated by the trustees at depreciated replacement cost.

The Hornchurch High School property is freehold, all other properties are on a 125 year lease from the date of conversion from the relevant local authority.

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:

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

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.

1.7 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.

1.8 Leased assets

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

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.9 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.

1.10 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.

1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.12 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.

1.13 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 26.

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 2019. 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.

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

(Continued)

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 15 for the carrying amount of the property plant and equipment, and note 1.6 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

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Donated fixed assets	-	-	-	5,870
Capital grants	-	1,642	1,642	2,306
Other donations	275	55	330	361
	<u>275</u>	<u>1,697</u>	<u>1,972</u>	<u>8,537</u>

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	43,465	43,465	35,512
Start up grants	-	376	376	543
Other DfE group grants	-	5,331	5,331	2,942
	-	49,172	49,172	38,997
Other government grants				
Local authority grants	-	4,799	4,799	3,158
Other government grants	-	148	148	80
	-	4,947	4,947	3,238
Other funding				
SCITT income	-	329	329	389
Total funding	-	54,448	54,448	42,624

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	380	-	380	238
Catering income	929	-	929	874
Southern Consortium income	100	-	100	295
Trading Company recharges	-	9	9	12
Other income	571	-	571	348
	1,980	9	1,989	1,767

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits	4	-	4	5

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Academy's educational operations					
- Direct costs	33,371	3,126	3,759	40,256	33,062
- Allocated support costs	8,703	6,401	5,440	20,544	15,452
SCITT					
- Direct costs	485	-	153	638	529
- Allocated support costs	156	-	18	174	150
	<u>42,715</u>	<u>9,527</u>	<u>9,370</u>	<u>61,612</u>	<u>49,193</u>
Net income/(expenditure) for the year includes:				2019 £'000	2018 £'000
Fees payable to auditor for:					
- Audit				33	34
- Other services				9	11
Depreciation of tangible fixed assets				3,851	3,425
Bank and loan interest				11	47
Net interest on defined benefit pension liability				224	170
				<u></u>	<u></u>

8 Central services

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

- human resources and payroll;
- financial services;
- Facilities Management;
- ICT Services;
- School Improvement;
- licensing costs.

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

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

8 Central services

(Continued)

The amounts charged during the year were as follows:

	2019 £'000	2018 £'000
Harrow Lodge Primary School	81	33
Southchurch High School	78	-
Riverside Bridge School	127	99
Riverside Primary School	48	46
Eastbury Primary School	131	143
Riverside School	221	196
The Sydney Russell School	484	475
Thames View Junior School	107	113
Hornchurch High School	154	130
Greatfields School	100	71
James Cambell Primary School	112	105
George Mitchell School	59	-
	<u>1,702</u>	<u>1,411</u>

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Direct costs				
Educational operations	-	40,256	40,256	33,062
SCITT	-	638	638	529
Support costs				
Educational operations	929	19,615	20,544	15,452
SCITT	-	174	174	150
	<u>929</u>	<u>60,683</u>	<u>61,612</u>	<u>49,193</u>
	SCITT £'000	Educational operations £'000	Total 2019 £'000	Total 2018 £'000
Analysis of support costs				
Support staff costs	156	8,703	8,859	7,306
Depreciation	-	725	725	606
Technology costs	-	641	641	416
Premises costs	-	5,676	5,676	3,790
Other support costs	18	4,681	4,699	3,391
Governance costs	-	118	118	93
	<u>174</u>	<u>20,544</u>	<u>20,718</u>	<u>15,602</u>

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

10 Staff

Staff costs

Staff costs during the year were:

	2019 £'000	2018 £'000
Wages and salaries	31,812	25,928
Social security costs	3,217	2,557
Pension costs	6,302	5,548
Amounts paid to employees	41,331	34,033
Agency staff costs	1,212	710
Staff restructuring costs	172	94
Amounts paid to staff	42,715	34,837
Staff development and other staff costs	881	929
Total staff expenditure	43,596	35,766

Staff restructuring costs comprise:

Redundancy payments	172	94
---------------------	-----	----

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £84k (2018: £94k). Individually, the payments were: £1k, £1k, £1k, £2k, £4k, £4k, £7k, £7k, £8k, £9k, £15k, £25k.

Staff numbers

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

	2019 Number	2018 Number
Teachers	548	454
Administration and support	636	517
Management	6	6
	1,190	977

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

10 Staff

(Continued)

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	39	25
£70,001 - £80,000	10	14
£80,001 - £90,000	8	3
£90,001 - £100,000	2	1
£100,001 - £110,000	3	2
£140,001 - £150,000	-	2
£150,001 - £160,000	1	-
£210,001 - £220,000	-	1
£220,001 - £230,000	1	-

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 £786k (2018: £738k).

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.

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

R Leighton

- Remuneration £225,000- £230,000 (2018: £210,000- £215,000)
- Employer's pension contributions £Nil(2018: £Nil)

During the year expenditure totalling £1,013 (2018: £1,250) was paid to a Director (2018: One) in relation of travel costs.

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

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

13 Subsidiary undertaking

The Charity has a wholly owned subsidiary, Partnership Contracting Limited, incorporated in the UK. The company number is 11119192 and is limited by guarantee. The principal activity of the company is that of property development. The Trust has not prepared consolidated accounts this year as its inclusion is not material for the purposes of giving a true and fair view in the context of the group.

PARTNERSHIP CONTRACTING LIMITED

	2019 £	2018 £
Revenue	-	1,060,039
Cost of sales	-	(1,018,924)
Gross profit	-	41,114
Administrative expenses	(8,579)	(32,369)
Tax	-	(46)
(Loss) / Profit for the year	(8,579)	8,690

The assets and liabilities of Partnership Contracting Limited were:

Current assets	27,539	240,044
Creditors	(27,428)	(231,314)
Net Assets	111	8,690
Represented by:		
Reserves	111	8,690
	111	8,690

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14	Tangible fixed assets	Freehold land and buildings £'000	Leasehold land and buildings £'000	Assets under construction £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
	Cost							
	At 1 September 2018	14,142	149,149	-	1,497	1,031	33	165,852
	Transfer on conversion	-	15,781	-	-	-	-	15,781
	Additions	-	-	599	331	173	-	1,103
	At 31 August 2019	14,142	164,930	599	1,828	1,204	33	182,736
	Depreciation							
	At 1 September 2018	272	5,252	-	507	168	7	6,206
	Charge for the year	136	2,989	-	617	103	6	3,851
	At 31 August 2019	408	8,241	-	1,124	271	13	10,057
	Net book value							
	At 31 August 2019	13,734	156,689	599	704	933	20	172,679
	At 31 August 2018	13,870	143,897	-	990	863	26	159,646

Included in land and buildings is land valued at £22,772k (2018: £22,359k) which is not depreciated.

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

15 Debtors	2019	2018
	£'000	£'000
Trade debtors	311	265
Amounts owed by group undertakings	12	12
VAT recoverable	1,056	1,296
Other debtors	26	6
Prepayments and accrued income	1,765	1,508
	<u>3,170</u>	<u>3,087</u>
	<u><u>3,170</u></u>	<u><u>3,087</u></u>
16 Creditors: amounts falling due within one year	2019	2018
	£'000	£'000
Government loans	347	566
Trade creditors	1,344	1,884
Other taxation and social security	883	744
Other creditors	1,951	1,783
Accruals and deferred income	2,622	2,077
	<u>7,147</u>	<u>7,054</u>
	<u><u>7,147</u></u>	<u><u>7,054</u></u>
17 Creditors: amounts falling due after more than one year	2019	2018
	£'000	£'000
Government loans	505	468
	<u>505</u>	<u>468</u>
	<u><u>505</u></u>	<u><u>468</u></u>
Analysis of loans		
Wholly repayable within five years	852	1,034
Less: included in current liabilities	(347)	(566)
	<u>505</u>	<u>468</u>
	<u><u>505</u></u>	<u><u>468</u></u>
Loan maturity		
Debt due in one year or less	347	566
Due in more than one year but not more than two years	294	468
Due in more than two years but not more than five years	211	-
	<u>852</u>	<u>1,034</u>
	<u><u>852</u></u>	<u><u>1,034</u></u>

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

(Continued)

17 Creditors: amounts falling due after more than one year

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

A remaining £458k loan between Eastbury Primary School and the London Borough of Barking and Dagenham, repayable by January 2021.

A remaining £53k loan between Sydney Russell School and the London Borough of Barking and Dagenham with an annual interest rate of 5% and repayable quarterly by January 2020.

A remaining £341k loan between George Mitchell School and the ESFA, interest free and repayable by August 2022.

18 Deferred income	2019 £'000	2018 £'000
Deferred income is included within:		
Creditors due within one year	407	319
	<u> </u>	<u> </u>
Deferred income at 1 September 2018	319	220
Released from previous years	(319)	(220)
Resources deferred in the year	407	319
	<u> </u>	<u> </u>
Deferred income at 31 August 2019	407	319
	<u> </u>	<u> </u>

At the balance sheet date the academy Trust was holding funds for Universal Infant Free School Meals, Trip income and Business Rates which has been received in advance relating to the year 2019/20.

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	-	43,465	(44,169)	704	-
Start up grants	-	376	(376)	-	-
Other DfE / ESFA grants	-	5,331	(5,276)	-	55
Other government grants	-	4,420	(4,420)	-	-
SCITT	36	856	(812)	-	80
Loans with ESFA	-	(341)	-	-	(341)
Other restricted funds	222	9	(231)	-	-
Pension reserve	(6,161)	(2,042)	(1,548)	(5,126)	(14,877)
	<u>(5,903)</u>	<u>52,074</u>	<u>(56,832)</u>	<u>(4,422)</u>	<u>(15,083)</u>
Restricted fixed asset funds					
Inherited on conversion	-	15,781	-	(15,781)	-
DfE group capital grants	1,006	1,642	-	(1,914)	734
Loans with local authority	(1,034)	-	-	523	(511)
General fixed assets	159,646	55	(3,851)	16,829	172,679
	<u>159,618</u>	<u>17,478</u>	<u>(3,851)</u>	<u>(343)</u>	<u>172,902</u>
Total restricted funds	<u>153,715</u>	<u>69,552</u>	<u>(60,683)</u>	<u>(4,765)</u>	<u>157,819</u>
Unrestricted funds					
General funds	<u>2,109</u>	<u>2,259</u>	<u>(929)</u>	<u>(361)</u>	<u>3,078</u>
Total funds	<u>155,824</u>	<u>71,811</u>	<u>(61,612)</u>	<u>(5,126)</u>	<u>160,897</u>

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19 Funds

(Continued)

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 2019.

Other DFE/ESFA grants: This includes the pupil premium, Teachers Pay Grant, Year 7 catch up 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 30.

Other restricted funds includes restricted donations.

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

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

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19 Funds

(Continued)

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

	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	360	(267)	-	222
Pension reserve	(5,739)	(1,061)	(1,622)	2,261	(6,161)
	<u>(5,469)</u>	<u>41,923</u>	<u>(44,894)</u>	<u>2,537</u>	<u>(5,903)</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>74,659</u>	<u>(48,319)</u>	<u>3,283</u>	<u>153,715</u>
Unrestricted funds					
General funds	<u>2,217</u>	<u>1,788</u>	<u>(874)</u>	<u>(1,022)</u>	<u>2,109</u>
Total funds	<u>126,309</u>	<u>76,447</u>	<u>(49,193)</u>	<u>2,261</u>	<u>155,824</u>

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19 Funds

(Continued)

Total funds analysis by academy

	2019 £'000	2018 £'000
Fund balances at 31 August 2019 were allocated as follows:		
Harrow Lodge Primary School	1	1
Southchurch High School	1	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
Hornchurch High School	1	1
Greatfields School	1	1
James Cambell Primary School	1	1
George Mitchell School	1	-
Central services	2,860	2,356
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	2,872	2,367
	<hr/>	<hr/>
Restricted fixed asset fund	172,902	159,618
Pension reserve	(14,877)	(6,161)
	<hr/>	<hr/>
Total funds	160,897	155,824
	<hr/>	<hr/>

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2019 £'000	Total 2018 £'000
Harrow Lodge Primary School	1,453	321	51	569	2,394	1,104
Southchurch High School	2,063	830	125	850	3,868	610
Riverside Bridge School	2,085	496	79	582	3,242	2,431
Riverside Primary School	404	96	18	208	726	583
Eastbury Primary School	3,011	684	68	821	4,584	4,523
Riverside School	3,841	865	134	1,506	6,346	5,240
The Sydney Russell School	8,849	1,692	251	3,428	14,220	13,218
Thames View Junior School	1,502	265	23	554	2,344	2,650
Hornchurch High School	2,709	656	138	1,049	4,552	4,828
Greatfields School	1,181	391	107	401	2,080	1,304
James Cambell Primary School	2,921	381	62	973	4,337	4,640
George Mitchell School	3,538	637	37	837	5,049	-
Central services	591	1,545	10	1,873	4,019	2,668
	<u>34,148</u>	<u>8,859</u>	<u>1,103</u>	<u>13,651</u>	<u>57,761</u>	<u>43,799</u>

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 2019 are represented by:				
Tangible fixed assets	-	-	172,679	172,679
Current assets	3,078	6,935	734	10,747
Creditors falling due within one year	-	(6,914)	(233)	(7,147)
Creditors falling due after one year	-	(227)	(278)	(505)
Defined benefit pension liability	-	(14,877)	-	(14,877)
Total net assets	<u>3,078</u>	<u>(15,083)</u>	<u>172,902</u>	<u>160,897</u>

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Analysis of net assets between funds

(Continued)

	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	2,109	6,746	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)
Total net assets	2,109	(5,903)	159,618	155,824

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 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £656k (2018: £562k) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

21 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

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.

The employer's pension costs paid to the TPS in the period amounted to £3,143k (2018: £3,356k).

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

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% for employers and 5.5% to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £854k.

As described in note 30 the LGPS obligation relates to the employees of the academy trust, being the employees transferred as part of the conversion from the maintained school and 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.

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

21 Pension and similar obligations

(Continued)

Total contributions made	2019 £'000	2018 £'000
Employer's contributions	1,735	1,534
Employees' contributions	470	413
Total contributions	2,205	1,947
Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	2.9	2.9
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8

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

	2019 Years	2018 Years
Retiring today		
- Males	21.1	22.0
- Females	23.5	24.6
Retiring in 20 years		
- Males	22.5	24.0
- Females	25.0	26.4

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

	2019 £'000	2018 £'000
Discount rate + 0.1%	(881)	(529)
Salary rate + 0.1%	97	68
Pension rate + 0.1%	789	456

Defined benefit pension scheme net liability

Scheme assets	16,100	12,765
Scheme obligations	(30,977)	(18,926)
Net liability	(14,877)	(6,161)

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

21 Pension and similar obligations

(Continued)

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

	2019 Fair value £'000	2018 Fair value £'000
Equities	11,312	8,846
Bonds	3,144	2,527
Cash	380	566
Property	1,042	826
Other assets	222	-
Total market value of assets	16,100	12,765

The actual return on scheme assets was £796,000 (2018: £522,000).

Amount recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost	2,757	2,986
Past service cost	302	-
Interest income	(389)	(266)
Interest cost	613	436
Total operating charge	3,283	3,156

Changes in the present value of defined benefit obligations

	2019 £'000	2018 £'000
At 1 September 2018	18,926	15,183
Obligations acquired on conversion	2,466	1,999
Current service cost	2,757	2,986
Interest cost	613	436
Employee contributions	470	413
Actuarial loss/(gain)	5,533	(2,005)
Benefits paid	(90)	(86)
Past service cost	302	-
At 31 August 2019	30,977	18,926

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

21 Pension and similar obligations

(Continued)

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

	2019 £'000	2018 £'000
At 1 September 2018	12,765	9,444
Assets acquired on conversion	424	938
Interest income	389	266
Actuarial gain	407	256
Employer contributions	1,735	1,534
Employee contributions	470	413
Benefits paid	(90)	(86)
At 31 August 2019	16,100	12,765

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

	2019 £'000	2018 £'000
Net income for the reporting period (as per the statement of financial activities)	10,199	27,254
Adjusted for:		
Net surplus on conversion to academy	(13,398)	(23,514)
Capital grants from DfE and other capital income	(1,697)	(8,176)
Investment income receivable	(4)	(5)
Finance costs payable	11	47
Defined benefit pension costs less contributions payable	1,324	1,452
Defined benefit pension scheme finance cost	224	170
Depreciation of tangible fixed assets	3,851	3,425
(Increase) in debtors	(83)	(611)
Increase in creditors	312	1,167
Stocks, debtors and creditors transferred on conversion	(341)	-
Net cash provided by operating activities	398	1,209

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	189	77
Amounts due in two and five years	297	121
Amounts due after five years	27	31
	<u>513</u>	<u>229</u>

25 Capital commitments

	2019 £'000	2018 £'000
Expenditure contracted for but not provided in the financial statements	366	-

26 Related party transactions

Owing to the nature of the academy trust 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 Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

£950 was paid to H Flint, a member, for consultancy during the year. No amounts were outstanding at the year end. The services were provided at cost.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

27 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.

28 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £36,933 (2018: £466,762) and disbursed £73,318 (2018: £568,321) from the fund. An amount of £58,836 (2018: £95,221) is included in other creditors relating to undistributed funds that are repayable to ESFA in the event the students leaves the scheme.

29 SCITT trading account	2019		2018	
	£'000	£'000	£'000	£'000
Direct income				
Fee income		329		389
Government grants		527		314
		<u> </u>		<u> </u>
Total income		856		703
Direct costs				
Direct staff costs	485		394	
Technology costs	-		1	
Educational supplies and services	1		6	
Staff development	149		124	
Educational consultancy	1		1	
Other direct costs	2		3	
	<u> </u>		<u> </u>	
Total income	638		529	
	<u> </u>		<u> </u>	
Other costs				
Support staff costs	156		116	
Technology costs	-		3	
Recruitment and support	-		3	
Rent and rates	-		13	
Transport	-		2	
Catering	-		2	
Other support costs	18		11	
	<u> </u>		<u> </u>	
	174		150	
	<u> </u>		<u> </u>	
Total operating costs		(812)		(679)
Transfers between funds excluding depreciation		-		(129)
		<u> </u>		<u> </u>
Surplus/(deficit) from scitt		44		(105)
SCITT balances at 1 September 2018		36		141
		<u> </u>		<u> </u>
SCITT balances at 31 August 2019		80		36
		<u> </u>		<u> </u>

PARTNERSHIP LEARNING

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

30 Conversion to an academy

On 01/01/19 the George Mitchell 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 London Borough of Waltham Forest 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
George Mitchell School	Waltham Forest	1 January 2019

Net assets transferred:	2019 £'000
Leasehold land and buildings	15,781
Borrowing obligations	(341)
Pension scheme deficit	(2,042)
	<u>13,398</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2019 £'000
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	15,781	15,781
LA budget funds	-	(341)	-	(341)
LGPS pension funds	-	(2,042)	-	(2,042)
	<u>-</u>	<u>(2,383)</u>	<u>15,781</u>	<u>13,398</u>