

Company Registration No. 08339345 (England and Wales)

PARTNERSHIP LEARNING
(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' STRATEGIC REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016

PARTNERSHIP LEARNING

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PARTNERSHIP LEARNING

REFERENCE AND ADMINISTRATIVE DETAILS

Directors	D Singleton (Chair) A Lazell D Reedy J Farquharson R Leighton (Accounting Officer) I Rowley S Mubashar (Appointed 3 January 2016)	
Members	D Singleton A Moore (Resigned 30/05/2016) L Graham J Cripps H Flint	
Senior leadership team	R Leighton K Sayers N Ball M Parvez M Auden M Junnix	- Chief Executive - Director of Operations - Director of Finance - Director of School Improvement - Director of Assets - Director of ICT
Company secretary	J Black	
Company registration number	08339345 (England and Wales)	
Registered office	Sydney Russell School Parsloes Ave Dagenham, Essex RM9 5QT	
Academies operated	Location	CFO
Riverside Bridge School	Barking and Dagenham	A Hope
Riverside Primary School	Barking and Dagenham	S Kinnaird
Eastbury Primary School	Barking and Dagenham	L Hovey
Riverside School	Barking and Dagenham	A Roberts
The Sydney Russell School	Barking and Dagenham	J Davies
Thames View Junior School	Barking and Dagenham	S Rider
Partnership Learning	Barking and Dagenham	R Leighton
Independent auditor	Wilkins Kennedy LLP Greytown House 221-227 High Street Orpington Kent BR6 0NZ	

PARTNERSHIP LEARNING

REFERENCE AND ADMINISTRATIVE DETAILS

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 2016

The Directors present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The Trust operates six academies serving catchment areas in the London Borough of Barking & Dagenham:

- The Sydney Russell School, 4-18 mainstream all through school, approximately 2,000 pupils
- Riverside School, 11-18 mainstream secondary school, approximately 480 pupils
- Thames View Junior School, 7-11 mainstream junior school, approximately 480 pupils
- Riverside Bridge School, 4-16 special school, approximately 30 pupils
- Riverside Primary School, 4-11 primary school, approximately 30 pupils
- Eastbury Primary School, 4-11 primary school, approximately 840 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. Riverside School obtained Academy status from 1 September 2013, Thames View Junior School & The Sydney Russell School obtained Academy status from 1 February 2015, Riverside Bridge School and Riverside Primary School obtained Academy status from 1 September 2015 and Eastbury Primary School achieved Academy status from the 1 April 2016.

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 EFA.

PARTNERSHIP LEARNING

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 2016

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 2016 was to continue to develop its new role as a Multi-Academy Trust and work towards achieving its vision.

Objectives, strategies and activities

Public benefit

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

Admissions arrangements

Partnership Learning's schools adhere to the admissions criteria of the London Borough of Barking & Dagenham - the main entry criterion 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 2016

Key performance indicators

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

Going concern

After making appropriate enquiries, the board of directors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of directors continues to adopt the going concern basis in preparing the accounts. 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 Funding Agency (EFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 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 EFA. 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 2016, total expenditure of £25,618k (2015: £11,259k) was met by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £1,090k (2015: £1,021k (income over expenditure)).

At 31 August 2016 the net book value of fixed assets was £60,465k (2015:£42,581k). Movements in tangible fixed assets are shown in Note 11 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 London Borough of Barking and Dagenham Local Government Pension Fund, in which the Academy participates, showed a deficit of £4,227k (2015:£1,399k) at 31 August 2016.

Reserves policy

The Directors review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of unrestricted funds should be equivalent 5% of budgeted income, approximately £1,500K (2015: £1,000k).

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 £1,091k (2015: £788k) (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 2016

Investment policy and powers

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 2016 of £55,616k (2015:£42,393k) comprising £54,525k (2015:£41,605k) of restricted funds and £1,091k (2015:£788k) of unrestricted general funds. Of the restricted funds £58,608k (2015:£41,671k) is represented by tangible fixed assets and £144k (2015:£1,333k) of general restricted funds.

The pension reserve which is considered part of restricted funds was £4,227k (2015:£1,399k) 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 anticipating that it will become eligible for a School Condition Allocation in 2016/17, which will provide additional resources to directly support maintenance of school estates.

PARTNERSHIP LEARNING

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 £4,227k (2015:£1,399k).

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 an additional new free school in September 2017. The Trust is also awaiting the outcome of bids for three other free schools: Greatfields Primary School (primary) Mallard Primary School (primary) Beam High School (secondary). A combination of continued growth in its existing schools and the new openings will see projected total pupil numbers in the Trust rise steadily from the current 3,860 to over 8,000 by 2024. The Trust also expects to add a minimum of two additional existing schools during the coming academic year (2016-17): Albany School (secondary) in the London Borough of Havering and Futures Community College (secondary) in Southend.

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 06 April 2017 and signed on its behalf by:

D Singleton
Chair

PARTNERSHIP LEARNING

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

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

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has formally met four times during the year. Attendance during the year at meetings of the board of directors was as follows:

Directors	Meetings attended	Out of possible
D Singleton (Chair)	4	4
A Lazell	3	4
D Reedy	4	4
J Farquharson	1	4
R Leighton (Accounting Officer)	4	4
I Rowley	4	4
S Mubashar (Appointed 3 January 2016)	3	3

The only change in the composition of the board of trustees during the 2015-16 year was the addition of S Mubashar as a Director/Trustee. Mr Mubashar was recommended to the Board by the Academies Ambassadors organisation and brought expertise from risk management in the banking sector. The main challenge for the Board during the year has been ensuring that the rapid growth of the Trust has not compromised standards and quality of delivery.

The audit and finance 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.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
A Lazell	3	4
D Reedy	4	4
J Farquharson	0	1
R Leighton (Accounting Officer)	4	4

Review of value for money

As accounting officer the CFO 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.

PARTNERSHIP LEARNING

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

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 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of Directors.

The risk and control framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of directors;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

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

PARTNERSHIP LEARNING

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 Academy Trust confirms that the internal auditors have delivered their schedule of work as planned, that any material control issues arising as a result of this work have been reported to the Audit and Finance Committee and, if relevant, remedial action is being taken to rectify the issues.

Review of effectiveness

As accounting officer the CFO 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 06 April 2017 and signed on its behalf by:

D Singleton
Chair

R Leighton
Accounting Officer

PARTNERSHIP LEARNING

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Partnership Learning I have considered my responsibility to notify the academy trust board of directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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 2015.

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

During the year monthly internal control procedures in relation to the reconciliation of control accounts were not always adhered to, as a result of which extensive additional accounting work was required at the year end to correct the mispostings particularly in regard to the Bursary bank account. Since the year end a new Chief Financial Officer (CFO) has been appointed and is ensuring that internal control procedures are being followed.

During the year it was also noted that the staff procurement policy was not adhered to in relation to staff expenses reclaimed and appropriate authorisation was not received before expenses paid out. Procedures for approval of staff expenses have been tightened and will be monitored by the CFO.

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 EFA.

R Leighton
Accounting Officer

06 April 2017

PARTNERSHIP LEARNING

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

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

Company law requires the Directors to prepare accounts for each financial year. Under company law the Directors must not approve the accounts 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 accounts, 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 2015 to 2016;
- 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 accounts; and
- prepare the accounts 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 accounts 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of directors on 06 April 2017 and signed on its behalf by:

D Singleton
Chair

PARTNERSHIP LEARNING

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF PARTNERSHIP LEARNING

We have audited the accounts of Partnership Learning for the year ended 31 August 2016 set out on pages 18 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the directors, who also act as trustees for the charitable activities of Partnership Learning, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

PARTNERSHIP LEARNING

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

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

Chartered Accountants

Statutory Auditor

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

Dated: 6 April 2017

PARTNERSHIP LEARNING

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

In accordance with the terms of our engagement letter dated 28 October 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Partnership Learning and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Partnership Learning and EFA, 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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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 FUNDING AGENCY (CONTINUED)

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 2015 to 31 August 2016 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 LLP
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Dated: 06 April 2017

PARTNERSHIP LEARNING

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000	Total 2015 Restated £'000
Income and endowments from:						
Donations and capital grants	2	155	-	-	155	32
Donations - transfer from local authority on conversion	26	41	(762)	17,890	17,169	41,055
Charitable activities:						
- Funding for educational operations	3	-	22,276	-	22,276	11,208
Other trading activities	4	788	400	-	1,188	575
Investments	5	3	-	-	3	1
Total income and endowments		<u>987</u>	<u>21,914</u>	<u>17,890</u>	<u>40,791</u>	<u>52,871</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	508	24,204	906	25,618	11,259
Total expenditure	6	<u>508</u>	<u>24,204</u>	<u>906</u>	<u>25,618</u>	<u>11,259</u>
Net income/(expenditure)		479	(2,290)	16,984	15,173	41,612
Transfers between funds		(176)	196	(20)	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(1,950)	-	(1,950)	182
Net movement in funds		303	(4,044)	16,964	13,223	41,794
Reconciliation of funds						
Total funds brought forward		788	(39)	41,644	42,393	599
Total funds carried forward		<u>1,091</u>	<u>(4,083)</u>	<u>58,608</u>	<u>55,616</u>	<u>42,393</u>

PARTNERSHIP LEARNING

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

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative information ended 31 August 2015	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2015
		£'000	£'000	£'000	Restated £'000
Income and endowments from:					
Donations and capital grants	2	32	-	-	32
Donations - transfer from local authority on conversion	26	454	(1,431)	42,032	41,055
Charitable activities:					
- Funding for educational operations	3	-	11,208	-	11,208
Other trading activities	4	573	2	-	575
Investments	5	1	-	-	1
Total income and endowments		<u>1,060</u>	<u>9,779</u>	<u>42,032</u>	<u>52,871</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	366	10,429	464	11,259
Total expenditure	6	<u>366</u>	<u>10,429</u>	<u>464</u>	<u>11,259</u>
Net income/(expenditure)		694	(650)	41,568	41,612
Transfers between funds		(76)	76	-	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	18	-	182	-	182
Net movement in funds		618	(392)	41,568	41,794
Reconciliation of funds					
Total funds brought forward		170	326	103	599
Total funds carried forward		<u>788</u>	<u>(66)</u>	<u>41,671</u>	<u>42,393</u>

PARTNERSHIP LEARNING

BALANCE SHEET

AS AT 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	Restated £'000
Fixed assets					
Tangible assets	11		60,465		42,581
Current assets					
Debtors	12	2,201		1,122	
Cash at bank and in hand		2,479		2,751	
		<u>4,680</u>		<u>3,873</u>	
Current liabilities					
Creditors: amounts falling due within one year	13	(4,109)		(1,726)	
Net current assets			571		2,147
Total assets less current liabilities			61,036		44,728
Creditors: amounts falling due after more than one year	14		(1,193)		(936)
Net assets excluding pension liability			59,843		43,792
Defined benefit pension liability	18		(4,227)		(1,399)
Net assets			<u>55,616</u>		<u>42,393</u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			58,608		41,671
- Restricted income funds			144		1,333
- Pension reserve			(4,227)		(1,399)
Total restricted funds			<u>54,525</u>		<u>41,605</u>
Unrestricted income funds	16		1,091		788
Total funds			<u>55,616</u>		<u>42,393</u>

The accounts set out on pages 18 to 42 were approved by the board of directors and authorised for issue on 06 April 2017 and are signed on its behalf by:

D Singleton
Chair

Company Number 08339345

PARTNERSHIP LEARNING

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	Restated £'000
Cash flows from operating activities					
Net cash provided by (used in) operating activities	20		(1,236)		770
Cash funds transferred on conversion			86		454
			<u>(1,150)</u>		<u>1,224</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		3		1	
		<u>3</u>		<u>1</u>	
			3		1
Cash flows from financing activities					
New long term local authority loan		900		936	
Repayment of long term local authority loan		19		-	
Financing costs		(44)		(27)	
		<u>875</u>		<u>909</u>	
			875		909
Change in cash and cash equivalents in the reporting period			(272)		2,134
Cash and cash equivalents at 1 September 2015			2,751		617
			<u>2,479</u>		<u>2,751</u>
Cash and cash equivalents at 31 August 2016			<u><u>2,479</u></u>		<u><u>2,751</u></u>

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

The accounts 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 accounts 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

These accounts for the year ended 31 August 2016 are the first accounts of Partnership Learning prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 27.

1.2 Going concern

The Directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

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 Eastbury Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 26.

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 receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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.

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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

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

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

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

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.

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Expenditure on raising funds

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

Charitable activities

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

Governance costs

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

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 London Borough of Barking and Dagenham at depreciated replacement cost.

The academy has a 125 year lease on its land and buildings with the London Borough of Barking and Dagenham at Sydney Russell School, Thames View Junior School and at Eastbury Primary school.

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

Land and buildings	Buildings 2%, land not depreciated
Computer equipment	33.3%
Fixtures, fittings & equipment	10%

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 of services it must provide.

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.8 Leasing commitments

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

1.9 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.

1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.11 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 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 Funding Agency and Department for Education.

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.12 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA 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 23.

1.13 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 18, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.5 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.

2 Donations and capital grants

	Unrestricted funds	Restricted funds	Total 2016	Total 2015 Restated
	£'000	£'000	£'000	£'000
Other donations	155	-	155	32

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

3 Funding for the academy trust's educational operations

	Unrestricted funds	Restricted funds	Total 2016	Total 2015 Restated
	£'000	£'000	£'000	£'000
DfE / EFA grants				
General annual grant (GAG)	-	18,483	18,483	9,409
Start up grants	-	208	208	223
Other DfE / EFA grants	-	2,356	2,356	1,154
	-	21,047	21,047	10,786
Other government grants				
Local authority grants	-	970	970	422
Other government grants	-	259	259	-
	-	1,229	1,229	422
Total funding	-	22,276	22,276	11,208

4 Other trading activities

	Unrestricted funds	Restricted funds	Total 2016	Total 2015 Restated
	£'000	£'000	£'000	£'000
Hire of facilities	138	-	138	92
Catering income	450	-	450	137
Southern Consortium income	-	400	400	277
Other income	200	-	200	69
	788	400	1188	575

5 Investment income

	Unrestricted funds	Restricted funds	Total 2016	Total 2015 Restated
	£'000	£'000	£'000	£'000
Short term deposits	3	-	3	1

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure

	Staff costs	Premises & equipment	Other costs	Total 2016	Total 2015 Restated
	£'000	£'000	£'000	£'000	£'000
Academy's educational operations					
- Direct costs	14,677	894	2,168	17,739	8,058
- Allocated support costs	2,809	1,004	4,066	7,879	3,201
	<u>17,486</u>	<u>1,898</u>	<u>6,234</u>	<u>25,618</u>	<u>11,259</u>
Total expenditure	<u>17,486</u>	<u>1,898</u>	<u>6,234</u>	<u>25,618</u>	<u>11,259</u>

Net income/(expenditure) for the year includes:

	2016 £'000	2015 £'000
Fees payable to auditor for:		
- Audit	21	21
- Other services	5	4
Operating lease rentals	32	36
Depreciation of tangible fixed assets	906	464
	<u>964</u>	<u>525</u>

Central services

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

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

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

The amounts charged during the year were as follows:

	Total £'000
Riverside Bridge School	40
Riverside Primary School	19
Eastbury Primary School	58
Riverside School	125
The Sydney Russell School	405
Thames View Junior School	109
Partnership Learning	-
	<u>756</u>

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable activities

	Unrestricted funds	Restricted funds	Total 2016	Total 2015 Restated
	£'000	£'000	£'000	£'000
Direct costs - educational operations	-	17,739	17,739	8,058
Support costs - educational operations	508	7,371	7,879	3,201
	<u>508</u>	<u>25,110</u>	<u>25,618</u>	<u>11,259</u>

	2016 £'000	2015 £'000
Analysis of support costs		
Support staff costs	2,809	1,215
Depreciation and amortisation	12	12
Technology costs	294	206
Premises costs	2,262	714
Other support costs	2,441	984
Governance costs	61	70
	<u>7,879</u>	<u>3,201</u>

8 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	12,932	6,072
Social security costs	1,215	506
Operating costs of defined benefit pension schemes	2,024	890
Staff costs	<u>16,171</u>	<u>7,468</u>
Supply staff costs	1,129	394
Staff restructuring costs	90	46
Staff development and other staff costs	96	46
Total staff expenditure	<u>17,486</u>	<u>7,954</u>

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

(Continued)

Staff numbers

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

	2016 Number	2015 Number
Teachers	232	186
Administration and support	320	198
Management	6	1
	<u>558</u>	<u>385</u>

Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	13	15
£70,001 - £80,000	3	2
£80,001 - £90,000	-	5
£90,001 - £100,000	2	-
£100,001 - £110,000	-	1
£120,001 - £130,000	1	-
£200,001 - £210,000	1	1
	<u>1</u>	<u>1</u>

During the year the Trust paid non contractual severance payments to four (2015: three) members of staff totalling £90k (2015:£46k). These payments were £40k, £25k, £20k and £5k (2015: £28k, £10k and £8k).

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) received by key management personnel for their services to the academy trust was £424,815 (2015: £126,188).

9 Directors' remuneration and expenses

The Chief Executive only receives remuneration in respect of services he provides undertaking the role of Chief Executive, and not in respect of his service as Director. Other Directors did not receive any payments, other than expenses, from the academy trust in respect of their role as Directors. During the year expenditure totaling £837 (2015: £nil) was paid to Directors in relation of travel costs.

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

R Leighton

- Remuneration £195,000- £200,000 (2015: £110,000 - £115,000 (7 months))
- Employer's pension contributions £Nil(2015: £15,000 - £20,000 (7 months))

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

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

10 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.

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2015	42,942	4	111	43,057
Transfer on conversion	18,790	-	-	18,790
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2015	61,732	4	111	61,847
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2015	452	2	22	476
Charge for the year	894	1	11	906
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	1,346	3	33	1,382
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2016	60,386	1	78	60,465
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2015	42,490	2	89	42,581
	<hr/>	<hr/>	<hr/>	<hr/>

Transactions relating to land and buildings is the acquisition of a 125 lease at Eastbury Primary school which was donated to the academy trust at a value of £18,790k;

Included in land and buildings is Land valued at £8,755k (2015: £4,191k) which is not depreciated.

12 Debtors	2016	2015
	£'000	Restated £'000
Trade debtors	186	3
VAT recoverable	964	269
Other debtors	744	233
Prepayments and accrued income	307	617
	<hr/>	<hr/>
	2,201	1,122
	<hr/>	<hr/>

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

13 Creditors: amounts falling due within one year	2016	2015
	£'000	Restated £'000
Government loans	662	-
Trade creditors	600	120
Other taxation and social security	423	277
Other creditors	681	293
Accruals and deferred income	1,743	1,036
	<u>4,109</u>	<u>1,726</u>
	<u><u>4,109</u></u>	<u><u>1,726</u></u>
14 Creditors: amounts falling due after more than one year	2016	2015
	£'000	Restated £'000
Government loans	1,193	936
	<u>1,193</u>	<u>936</u>
	<u><u>1,193</u></u>	<u><u>936</u></u>
Analysis of loans		
Wholly repayable within five years	1,855	936
Less: included in current liabilities	(662)	-
	<u>1,193</u>	<u>936</u>
	<u><u>1,193</u></u>	<u><u>936</u></u>
Loan maturity		
Debt due in one year or less	662	-
Due in more than one year but not more than two years	483	416
Due in more than two years but not more than five years	710	520
	<u>1,855</u>	<u>936</u>
	<u><u>1,855</u></u>	<u><u>936</u></u>

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

A £900k loan between Eastbury Primary School and the London Borough of Barking and Dagenham, interest free and repayable in 20 quarterly payments.

An £955k loan between Sydney Russell School and the London Borough of Barking and Dagenham with an annual interest rate of 5% and repayable quarterly until 01/01/2020.

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15 Deferred income	2016 £'000	2015 £'000
Deferred income is included within:		
Creditors due within one year	152	-
Deferred income at 1 September 2015	-	14
Released from previous years	-	(14)
Amounts deferred in the year	152	-
Deferred income at 31 August 2016	152	-

At the balance sheet date the academy Trust was holding funds for Universal Infant Free School Meals and Growth funding which has been received in advance relating to the year 2016/17.

16 Funds	Balance at 1 September 2015 Restated £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	786	18,483	(19,321)	196	144
Start up grants	-	208	(208)	-	-
Other DfE / EFA grants	574	2,356	(2,930)	-	-
Other government grants	-	1,229	(1,229)	-	-
Other restricted funds	-	400	(400)	-	-
Funds excluding pensions	1,360	22,676	(24,088)	196	144
Pension reserve	(1,399)	(762)	(116)	(1,950)	(4,227)
	(39)	21,914	(24,204)	(1,754)	(4,083)

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds	(Continued)				
Restricted fixed asset funds					
Inherited funds	-	17,890	-	(17,890)	-
Loans with local authority	(936)	-	-	(920)	(1,856)
General fixed assets	42,580	-	(906)	18,790	60,464
	<u>41,644</u>	<u>17,890</u>	<u>(906)</u>	<u>(20)</u>	<u>58,608</u>
Total restricted funds	<u>41,605</u>	<u>39,804</u>	<u>(25,110)</u>	<u>(1,774)</u>	<u>54,525</u>
Unrestricted funds					
General funds	788	987	(508)	(176)	1,091
Total funds	<u>42,393</u>	<u>40,791</u>	<u>(25,618)</u>	<u>(1,950)</u>	<u>55,616</u>

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

General Annual Grant: Income received from the EFA 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 2016.

Other DFE/EFA grants: This includes the pupil premium, summer school, Year 7 catch up, ICT funding and the devolved formula capital grant, NCTL grants and other DFE grants.

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

Other restricted funds includes Young Enterprise and Southern Consortium income.

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

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

Total funds analysis by academy

	Total £'000
Fund balances at 31 August 2016 were allocated as follows:	
Riverside Bridge School	173
Riverside Primary School	29
Eastbury Primary School	55
Riverside School	752
The Sydney Russell School	677
Thames View Junior School	(483)
Partnership Learning	32
	<hr/>
Total before fixed assets fund and pension reserve	1,235
Restricted fixed asset fund	58,608
Pension reserve	(4,227)
	<hr/>
Total funds	55,616
	<hr/> <hr/>

Thames View Junior School is carrying a net deficit of £483k on these funds because of pre-conversion unpaid invoices and additional expenditure relating to school improvement and staff re-structuring to respond to the school's pre-conversion Special Measures Ofsted judgement. The academy trust is taking the following actions to return the academy to surplus: review of staffing structures; review of contracts and expenditure to ensure value for money is being achieved; and detailed multi-year financial planning to bring the school back into a balanced budget position and institute a recovery plan.

Total cost analysis by academy

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Riverside Bridge School	619	-	26	112	757
Riverside Primary School	251	-	32	90	373
Eastbury Primary School	1,386	339	20	296	2,041
Riverside School	1,991	292	53	1,153	3,489
The Sydney Russell School	8,402	1,390	258	3,902	13,952
Thames View Junior School	1,914	200	20	686	2,820
Partnership Learning	26	588	5	661	1,280
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	14,589	2,809	414	6,900	24,712
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	60,465	60,465
Current assets	1,091	3,589	-	4,680
Creditors falling due within one year	-	(3,445)	(664)	(4,109)
Creditors falling due after one year	-	-	(1,193)	(1,193)
Defined benefit pension liability	-	(4,227)	-	(4,227)
	<u>1,091</u>	<u>(4,083)</u>	<u>58,608</u>	<u>55,616</u>

18 Pensions 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 London Borough of Barking and Dagenham Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £307k (2015: £293k) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £1,205k (2015: £143k).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit 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 26.4 per cent for employers and 5.5 - 12.8 per cent for employees. The estimated value of employer contributions for the forthcoming year is £854k.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 26) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2016	2015
	£'000	£'000
Employer's contributions	703	288
Employees' contributions	187	76
Total contributions	890	364

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations (Continued)

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.6	4.1
Rate of increase for pensions in payment	2.1	2.7
Discount rate	2.1	3.8
Inflation assumption (CPI)	2.1	3.8

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

	2016 Years	2015 Years
Retiring today		
- Males	21.8	21.8
- Females	24.0	24
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.5	26.5

The academy trust's share of the assets in the scheme	2016 Fair value £'000	2015 Fair value £'000
Equities	2,986	1,310
Bonds	909	424
Cash	173	38
	-	-
Property	260	153
Other assets	-	-
Total market value of assets	4,328	1,925
Actual return on scheme assets - gain/(loss)	570	41

Amounts recognised in the statement of financial activities	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	749	340
Net interest cost	70	27
Total operating charge	819	367

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations	(Continued)	
Changes in the present value of defined benefit obligations	2016	2015
	£'000	£'000
Obligations at 1 September 2015	3,324	162
Obligations acquired on conversion	1,705	2,942
Current service cost	749	340
Interest cost	177	63
Employee contributions	187	76
Actuarial loss	2,413	(259)
	<u>8,555</u>	<u>3,324</u>
	<u>8,555</u>	<u>3,324</u>
Changes in the fair value of the academy trust's share of scheme assets	2016	2015
	£'000	£'000
Assets at 1 September 2015	1,925	91
Assets acquired on conversion	943	1,511
Interest income	107	36
Return on plan assets (excluding amounts included in net interest):		
Actuarial gain	463	(77)
Employer contributions	703	288
Employee contributions	187	76
	<u>4,328</u>	<u>1,925</u>
	<u>4,328</u>	<u>1,925</u>

19 Prior Year Adjustment

A prior year adjustment has been made with respect to the 31 August 2015 financial statements to recognise a loan liability and interest cost with income from the Local Authority. The adjustments made were as follows.

In respect of the loan liability:

Dr Transfer of conversion	910k	
Dr Loan interest	26k	
Cr Loans due >1yr		936k

In respect of the Local Authority income

Dr Accrued income	236k	
Cr Local Authority income		236k

The total effect of the prior year adjustment is to reduce Total restricted funds brought forward by £700k.

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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

	2016	2015
	£'000	Restated £'000
Net income for the reporting period	15,173	41,612
Adjusted for:		
Net deficit/(surplus) transferred on conversion	(17,169)	(41,055)
Investment income	(3)	(1)
Financing costs	44	27
Defined benefit pension costs less contributions payable	46	52
Defined benefit pension net finance cost/(income)	70	27
Depreciation of tangible fixed assets	906	464
(Increase)/decrease in debtors	(1,079)	(974)
Increase/(decrease) in creditors	1,721	1,528
Stocks, debtors and creditors transferred on conversion	(945)	(910)
Net cash used in operating activities	<u>(1,236)</u>	<u>770</u>

21 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.

22 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016	2015
	£'000	£'000
Amounts due within one year	75	32
Amounts due in two and five years	224	115
Amounts due after five years	77	-
	<u>376</u>	<u>147</u>

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

23 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

There were no related party transactions in the period.

24 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.

25 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2015 the trust received £340,179 and disbursed £230,040 from the fund. An amount of £371,560 is included in other creditors relating to undistributed funds that are repayable to EFA in the event the students leaves the scheme.

26 Conversion to an academy

On 1 April 2016 Eastbury Primary 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 Barking and Dagenham 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.

	2016
Net assets transferred:	£'000
Freehold land and buildings	18,790
Cash	86
LGPS pension surplus/(deficit)	(762)
Local Authority Loan	(900)
	<hr/>
	17,214
	<hr/> <hr/>

PARTNERSHIP LEARNING

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

26 Conversion to an academy	(Continued)			
Funds surplus/(deficit) transferred:	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2016 £'000
Fixed assets funds	-	-	17,890	17,890
LA budget funds	41	-	-	41
LGPS pension funds	-	(762)	-	(762)
	<u>41</u>	<u>(762)</u>	<u>17,890</u>	<u>17,169</u>

The loan to the Local Authority is repayable over 5 years in equal yearly instalments.

27 Reconciliations on adoption of FRS 102

Reconciliation of funds for the previous financial period

	1 September 2014 £'000	31 August 2015 Restated £'000
Funds as reported under previous UK GAAP and under FRS 102	599	42,393

Reconciliation of net income for the previous financial period

	Notes	2015 £'000
Net income as reported under previous UK GAAP		42,312
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest cost	i	2
Net income reported under FRS 102		<u>42,314</u>

Notes to reconciliations on adoption of FRS 102

(i) Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £2K and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.