

Company Registration Number: 07954683 (England and Wales)

**Khalsa Education Trust
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements
Year ended 31 August 2019**

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Khalsa Education Trust
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Khalsa Education Trust
Reference and Administrative Details

| | |
|-----------------------------|--|
| Members | <p>Mr Harnek Bhullar Singh (Stepped down as member 23 January 2019)</p> <p>Mr Hardev Singh Sidhu</p> <p>Dr Jatinder Singh Mehmi</p> <p>Mr Palvinder Singh (Appointed as member 23 January 2019)</p> |
| Trustees | <p>Mr Hardev Singh Sidhu* (Chair)</p> <p>Mr Harnek Bhullar Singh *</p> <p>Dr Jatinder Singh (Education)</p> <p>Mr Sukhraj Singh Gill (Education & Curriculum) (Resigned 20 February 2019)</p> <p>Mrs Sulinder Kaur Thiara* (Resigned 5 November 2018)</p> <p>Mr Palvinder Singh (Resigned as trustee 23 January 2019)</p> <p>Mr Joad Singh (Resigned 30 October 2018)</p> <p>Mr Chris Needham (Vice Chair) (Resigned 3 May 2019)</p> <p>Mr Mandeep Chaggar* (Resigned 15 May 2019)</p> <p>Mr Richard Berry</p> <p>Mr Rashpal Singh Sagoo</p> <p>Mrs Rebecca White</p> <p>Mrs Davender Kaur Bahi* (Resigned 17 January 2019)</p> <p>Mrs Harsimran Kaur Deagon (Appointed 18 October 2019)</p> <p>Mr Stuart Jolley (Appointed 11 March 2019)</p> <p>Mr Jordan Licence* (Appointed 25 February 2019)</p> <p>Mrs Vicki Morris* (Appointed 12 April 2019)</p> <p>Mr Amrik Singh Sindhar (Appointed 11 March 2019)</p> <p>Mr Sukhdev Singh (Appointed 3 May 2019)</p> <p>Mrs Deborah Kenny (Appointed 4 November 2019)</p> <p>* members of the finance committee</p> |
| Company Secretary | Mr Harnek Bhullar Singh |
| Senior Management Team | <p>Mrs Davender Kaur Bahi (Principal to 31 December 2019)</p> <p>Mrs Deborah Kenny (Principal from 4 November 2019)</p> <p>Mr Jordon Licence (Acting Principal)</p> <p>Mrs Sarah Rai (Assistant Principal)</p> |
| Company Name | Khalsa Education Trust |
| Principal Office | <p>Fir Tree Rise</p> <p>Leeds</p> <p>LS17 7EZ</p> |
| Registered Office | <p>24 Station Road</p> <p>Ossett</p> <p>Wakefield</p> <p>WF5 8AD</p> |
| Company Registration Number | 07954683 (England and Wales) |

Khalsa Education Trust

Reference and Administrative Details (continued)

Independent Auditor

Gibson Booth Chartered Accountants
and Statutory Auditors
New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

Bankers

Lloyds Bank
17 Westgate
Wakefield
WF1 1JZ

Solicitors

Michelmores LLP
Woodwater House
Pynes Hill
Exeter
EX2 5WR

Khalsa Education Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period from 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates Khalsa Science Academy (KSA), a one form entry primary school for 210 pupils which opened on 1 September 2013.

KSA opened in 2013 as a Free School and moved into its new building in January 2017. The move was a significant distance for some families from its first location, and this has been an issue for KSA.

Since the previous inspection, KSA has grown and there are currently 148 children on role. A full complement of classes is in place, but cohorts are not full leading to funding issues. In response, KSA has implemented a marketing plan to rebrand in order to provide clarity to the local community around the school's inclusive character.

Since its inception in 2013, KSA has experienced significant turnover at senior leadership level. Since the last inspection, the substantive principal has resigned (December 2018) after a period of long-term sickness. Following a period of high staff turnover, teaching staff is now stable and benefitting from support from the Noctua Teaching Alliance. At half term a new Principal was secured for KSA and a partnership with Manor Wood Primary School established. MWPS was judged to be outstanding in Jan 2019 and the Headteacher is an NLE. This large school offers support for leadership at all levels and has 5 SLEs on its teaching staff. The new Principal is also a member of the strategic leadership team for the Noctua Teaching Alliance.

KSA has been growing class by class since its establishment, with 2019-20 introducing the first Year 6 cohort. This is a new and exciting addition to the school's structure and KSA is placing great importance on liaising with secondary schools to support our pupils transition from Year 6 to Year 7.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity which incorporated on 17 February 2012. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Khalsa Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company is also known as Khalsa Education Trust

An external review of governance took place in autumn 2017. The board of trustees has expanded by four members to widen its skills and diversity. Details of the trustees who served throughout the period except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 the cost of this insurance is included in the total insurance cost but is not separately identifiable.

Principal Activities

The principal activities of the charitable company are to establish and maintain an academy in accordance with the requirements of the Master Funding agreement in place with the Education Funding Agency (EFA).

Method of recruitment and appointment or election of members and trustees

The current members were the proposers of the free school, plus trustees' taken as representatives from the staff, parents of the children, and the wider community.

The trustees periodically review the skills required to enable the effective management of the academy trust, and where additional skills are needed approaches will be made to members of the community. During the last Autumn Term, the earlier mentioned, external review was conducted by senior representatives from the Leeds City Council Governors Support Services Team. Action Plans have been drawn up and being progressed by the Trustees.

The Trustee Board is guided by an experienced clerk provided by the Local Authority through a formal service level agreement.

Khalsa Education Trust

Trustees' Report (continued)

Policies and procedures adopted for the induction and training of members/trustees

The procedures adopted for the induction and training of members/trustees will vary depending on their existing experience. The induction and training will always include a tour of the school and a chance to meet staff and pupils. All trustees are provided with copies of policies, procedures, minutes, accounts, plans and other documents that they will need to undertake their role. Induction tends to be undertaken informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority, National Governor's Association and other bodies. The Trust looks to undertake an annual skills audit of trustees and should any gaps be identified training courses would be arranged for Trustees to address these issues.

Organisational Structure

The Trust Members Board will normally meet two or three times a year. The Trust Members Board establishes an overall framework for the governance of the Trust and has agreed a detailed scheme of delegation from the Trust Members Board down to the Principal.

Organisationally the structure of the Trust for 2018/19 remains the same as the previous academic year, with the establishment of the school's Board of Trustees serving as the local governing body of Khalsa Science Academy and the establishment of their finance and audit sub-committee who have undertaken the detailed financial review of the school.

Principally the majority of risks to which the Academy Trust are now exposed to, are considered by the Trustees related to the running of Khalsa Science Academy, (KSA) with a specific focus on improving the standard of education offered at the school to all pupils.

Historically, back in 2015, due to delays in agreeing a feasible capital budget within an increasingly confident construction market place resulted in considerable credibility and PR damage within the school's new potential catchment area. Eventually, sixteen months later, January 2017, the school moved to new build at the permanent site at Alwoodley, Leeds. Such reputational damage can take a considerable time period to recover from, as much 3-5 years.

Arrangements for setting pay and remuneration of key management personnel

Remuneration of key management personnel will follow DfE advice and direction of the School Teachers' Pay and Conditions Document (STPCD). Senior staff will have their performance reviewed by Trustees and where deemed necessary by specialist sector experts. Each year the Academy has a Pay Committee made up of the chair, vice chair of Trustees and a sector specialist expert, who is responsible for setting annual targets for the Principal in accordance with the agreed performance management and appraisal policy.

Connected Organisations, Including Related Party Relationships

Trustees of the academy trust are drawn from local public and private sectors. Trustees are aware that all transactions involving connected parties should be conducted at arm's length and at cost, in accordance with the academy trust's financial regulations and normal procurement procedures.

Committed parents from West Yorkshire, have demonstrated their passion for outstanding education for their children by sending them to Khalsa Science Academy at Leeds. Naturally these families needed transportation to have the children attend the school, hence they formed a not for profit establishment, to arrange and provide a transport service for the stated purpose. To this end, the Sikh Community led establishment, lends free of charge, two mini buses, one for the Bradford route and the other for the South/Central Leeds route to the academy. The maintenance, fuel and general up keep of these vehicles, along with the drivers and escorts, as required, are funded by the academy trust.

Objectives, Strategies and Activities

Objects and aims

The primary purpose of the trust is the advancement of education in the local areas in which it establishes schools that maximises each pupil's potential. In setting the objectives the trustees have given careful consideration of guidance on public benefit.

The trust was formed in 2012 in response to local demand for quality education grounded in the core Sikh values of honesty, universal respect, equality and community service. The trust also identified that in an area that is rich with industrial and technological organisation there was demand for schools which focused its teaching on STEM skills (science, technology, engineering and mathematics).

Objectives, strategies and activities

The principal activity of the trust is to establish Sikh ethos schools and academies with a focus on science, technology, engineering and mathematics within the Yorkshire region. Khalsa Science Academy, Leeds is the first school that the trust has sponsored.

Public Benefit

The trustees confirm that they have complied with the duty contained in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the trust's aims and objectives and in planning its future activities.

Strategic Report

Khalsa Education Trust

Trustees' Report (continued)

Achievements and Performance

Khalsa Science Academy (KSA) is a good school. The capacity of the leadership team has increased as an NLE has been recruited as Executive Principal (EP) and a partnership has been established with her existing school providing stability and support for individual teachers. KSA also works closely with the Noctua Teaching Alliance to provide additional capacity. The leadership team and Board of Trustees have a clear view of what the school does well and what it needs to do to improve further. By taking appropriate actions, the school strives to ensure that the high quality of education is sustained to enable the children to gain the maximum benefit from school.

Strengths include:

Providing an education to children which is good or better with a key focus on phonics and reading.

Since the last inspection the curriculum has been reviewed to ensure it is ambitious, broad, challenging and one which addresses the needs and interests of the children enabling them to make good progress

A key focus on building resilience, confidence, self-esteem and character in our children. We encourage them to be aspirational about their futures and to aim high.

Offering a wide range of cultural experiences by taking advantage of the opportunities available both locally and regionally. Learning and general behaviours amongst the children which are good and better.

"Pupils enjoy school, have positive attitudes to learning and take pride in their work" (Ofsted Monitoring visit, October 2018).

Prioritising staff wellbeing to ensure robust mental health and to enable them to focus fully on the children and fulfil their roles with energy and expertise.

Increasing the focus on science significantly since KSA's last inspection. "Importantly, pupils talk with animation and recall about the science learning they have been involved in, demonstrating some of the scientific vocabulary they say that they are developing." (Ofsted Monitoring visit, October 2018).

Positive relationships with home, where parents and carers are now more proactive in supporting their children at home. This is due to the closer relationship and communication between school and parents / carers.

As at the financial year end, 31 August 2019, Khalsa Science Academy made strong progress. The school has concluded another eventful and extremely busy year. Therefore, on behalf of the Trust Members and the Trustees', I would like to take this opportunity to say a sincere thank you to the senior leaders, and the KSA staffing team as a whole for all their hard work during the past year. Also, we appreciate the support afforded to us by the passionate parents and the pupils during the same period.

The parents contributed very positively through an independent survey, the results of which were scrutinised and commented on by OFSTED in their latest report, please see the website for further details.

The previous OFSTED inspection of June 2017, awarded the school with a Good for three of the five judgement areas, compared to only the one back in 2015. Please visit the school website <http://www.khalsascienceacademy.org.uk/wp-content/uploads/2015/07/Khalsa-ScienceAcademy-Published-Report-July-2017.pdf> to view the full report.

Key Performance Indicators

The key indicator for a successful school is the attainment and achievement of its pupils. This will help the trust secure sufficient pupils for the school.

During the time period of this report, the extra SLT capacity and capabilities have driven up the teaching and learning standards further, hence building upon the latest OFSTED Inspection June 2017.

Basically, this is most evident in the following attainments:

| Subject | End of Key Stage1 Achievements 2019 | | End of Key Stage1 Achievements 2018 | |
|-------------|--|----------------|--|----------------|
| | National Average | KSA Average | National Average | KSA Average |
| Mathematics | 76% | 79% | 76% | 79% |
| Reading | 75% | 79% | 75% | 75% |
| Writing | 70% | 72% | 70% | 71% |

For the last three years in succession, pupils at Khalsa Science Academy achieve results in-line or above national expectations in their Statutory Key Stage 1 Tests. Going forward, as the school grows, the Trustees' will continue to carefully monitor and evaluate the progress made by its pupils.

It is worth noting that the academic year of 2017/18, represents the school's first full year at the permanent site, now housed in a purpose-built, first class education facility. Given that we are a new school to this part of the Leeds district, it will take time to establish ourselves, perhaps over the next 3/5 years.

Now that we have started to settle in at our new permanent building and site, we will obviously invest more in marketing, to make the local community aware of our existence and progress to date.

Khalsa Education Trust

Trustees' Report (continued)

In the background, the school considered plans of joining a successful MAT by the name KAT (Khalsa Academies Trust). Due to lack of support from the RSC, these plans have been ceased. Therefore, the current academic year 2018-19, will allow the SLT and the new permanent staffing team to develop and establish itself at our permanent surroundings.

For the last four years in succession, pupils at Khalsa Science Academy achieve results in-line or above national expectations in their Statutory Key Stage 1 Tests. Going forward, as the school grows, the Trustees' will continue to carefully monitor and evaluate the progress made by its pupils.

Also, worth noting that, 68% of children at KSA have English as an additional language (National 21% IDSR 2018); a significant number of their parents also are classed as EAL. Over half of the pupil population is Asian or Asian British - Indian (56.7% IDSR 2018). Please note, 17 different languages are spoken in school and many children attend school from as far away as Bradford. Currently, 67 children live outside LS17 and many from significantly more disadvantaged postcodes than the location of KSA.

Additionally, mobility continues to be high with only 65.6% stability – this is a challenge for teachers. However, approximately, 15% of pupils attract Pupil Premium Funding which is in-line with national figures.

A number of children have SEND. Currently 1 child has an EHC plan and 13 children have been identified as having SEND. Some have IEPs, support and / or differentiated activities to meet their needs. All staff have received STARS Tier 1 Autism training and training to use ILP and B Squared. TAs have attended SALT and Neli training. The SENDco has completed new to SENDco training and has attended Stars Tier 3 Autism training to become a lead practitioner.

Attendance is improving across school and was 95% from September 2018 – 19 with the removal of 2 children from the data. The current figure from September – November 2019 is 96%.

The academic year of 2018-19, represents the school's second full year at the permanent site, now housed in a purpose-built, first class education facility. Given that we are a new school to this part of the Leeds district, it will take time to establish ourselves, perhaps over the next 3/5 years.

Now that we have started to settle in at our new permanent building and site, we will obviously invest more in strengthening the staffing, resources and marketing to make the local community aware of our existence and progress to date.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. Specifically, a 3 Year Forecast Budget has been approved by the Board of Trustees, including a robust and detailed financial projection based on prudent pupil number estimates and resourcing/staffing requirements which is now being executed to ensure that the financial position of the Trust continues to improve and delivers financial resilience and sustainability for the long term. The Board of Trustees recognises a short term risk in pupil recruitment matters, as these directly reflect the revenue available to the school. Therefore, members/ trustees and the school leadership are determined, wherever possible, to work together in tightly controlling expenditure, raising extra revenues through fund raising and of course, to attract the sufficient number of pupils through a new confident pupil recruitment process. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

The further improving education standards within the state of art classrooms, provides the school collective confident in stamping our mark of high quality in teaching, healthy and happy pupils at the school.

Our short-term measures, in controlling expenditure, budgeting and reporting management accounts on a monthly basis maintains a strong financial direction. These have worked effectively, and last year's deficit has been cleared. This year's results are so impressive that they provide a small surplus. Looking further ahead Trustees will need to remain vigilant throughout the next three years before the school can start to build up a bigger surplus.

Given these undertaking, the trustees have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies, especially within the minutes of the termly finance and audit subcommittees' meetings.

Financial Review

Most of the academy trust's income is generated from the Education Funding Agency (EFA) and the Local Authority (LA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year and associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2019 the academy made a surplus of £78,797 on restricted and unrestricted funds, excluding pension fund movement and fixed asset funds.

The Academy also received capital funding of £40,447 during the period. Details are shown in note 2 to the financial statements.

Khalsa Education Trust

Trustees' Report (continued)

The Academy held unrestricted funds as at 31 August 2019 of £21,017. Total restricted funds were £5,830, excluding the pension scheme deficit of £132,000. The fixed asset funds as at 31 August 2019 were £3,460,449.

The deficit on GAG reserves was repaid during the year and at 31 August 2019 the academy had a GAG reserve of £5,830.

The governing body annually monitors the three year budgets, and regularly reviews the in year budget, to ensure the trust remains financially viable.

Principal risks and uncertainties

The funding agreement that the trust has with the Department for Education mitigates against a number of financial and management risks that a company of our size might be subject to.

The trust's objective is to deliver sustainable schools that deliver outstanding education. The trust has established a Business Management Group that meets at least every quarter that considers both the financial and educational risks to achieving this. Internal Control procedures have been developed and adopted with the opening of Khalsa Science Academy.

To a large extent the funding formula is driven by pupil numbers. Whilst the trust has shown a clear need for its schools, against Local Authority concerns about a shortage of primary school places for a number of years, the trust's ability to attract pupils to the new school is the principal risk the trust faces.

Financial and risk management objectives and policies

The Academy Trust's dealings with financial instruments are limited to bank accounts, creditors and debtors. This limitation serves to minimise credit and liquidity risks when this is combined with the nature the Academy Trust's debtors (being principally Government bodies and other schools) and therefore the risk to cash flow is also minimal.

Reserves Policy

The policy of the trustees is to establish and maintain a level of reserves that will be adequate to provide a stable basis for the continuing operation of the trust whilst ensuring that excessive funds are not accumulated.

Investment Policy

The trust seeks to spend the public monies with which we are entrusted for the direct education benefit of pupils as soon as is prudent. The trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

Plans for Future Periods

On completing the summer review of the 2018/19 school improvement plan, taking in to account 2019 statutory assessment results across key stage 1 and the school's internal monitoring of pupil progress, the governing body and senior leadership team have compiled a variety of continued and new actions for the following academic year – 2019/20.

Hence, the combined team are working to following **key objectives**:

- Improve curriculum design and implementation to further improve outcomes for all children
- To improve attendance and engagement within the school and wider community
- To further improve the curriculum experience for children in the Early Years Foundation Stage
- To further strengthen the leadership and management within KSA

Overall areas to develop for 2019/20

Leadership and Management:

To refine the curriculum to reflect a broad and balanced curriculum with an emphasis on the school values, British values and scientific enquiry skills. To build in a CPD programme for coordinators to lead their subjects in order to raise standards in all subjects.

Trustees have managed the growth of the school well. They have added to the school team, and now have a full complement of staff. As the school has grown, trustees have increased the leadership team. Many leaders are new to role. They are in the earliest stages of their skills. Trustees have organised support to help them fulfil their roles well. More recently, an Executive Principal has been appointed, who is helping to steer the school through the next stage of its improvement.

Quality of teaching, learning and assessment:

Learning environments are now more stimulating, and we have received positive comments regarding this from external visitors to the school. Across the year, triangulations of book scrutinies, lesson observations and pupil voice have provided us with the positive evidence that teaching and learning at the school is good. Our next steps regarding this is to monitor more regularly, developing subject leaders and sharing accountability.

The Quality of Education – Years 1 – 6,

With support from Specialist Leaders of Education (SLEs) from Noctua, we have implemented a monitoring calendar to ensure new teaching pedagogy is implemented in classrooms and support is given where needed. This also provided mentoring to the

Khalsa Education Trust

Trustees' Report (continued)

subject leaders. A range of monitoring activities such as: Learning walks, book scrutinies and lesson observations are already in place for the academic year ahead.

All year groups' attainment and progress data was shared at the July 2019 governing body meeting. From this data, we highlighted some children who had not made expected progress. From this, teachers have used transition meetings to discuss these pupils and what they require to make accelerated progress. Interventions are now in place for these children.

Ofsted have released a new framework for schools to work to with a focus on the curriculum. On the Away Day, scheduled for September 2019, further changes to our curriculum and reasons for the design, were shared with the Trustees.

The Quality of Education in the Early Years - This includes the impact of curriculum design and delivery including outcomes. As with the other year groups, Reception are also following a monitoring calendar. This differs slightly from the rest of school and has more guidance and support from the Assistant Principal. Marie Bryne (Noctua SLE) continues to work with the EYFS staff to develop the quality of education and provision areas.

Behaviour and Attitudes and Personal Development

Over the Summer, we have made changes to our behaviour policy. More of an emphasis on restorative practice rather than action and consequence. The policy is based on the book: 'When an adult changes, everything changes'. In short, we focus on 3 golden rules: Be ready, be respectful and be safe. We have a more consistent and positive approach to all behaviours.

This term, we are introducing CPOMS to centrally record and monitor negative behaviours, hate monitoring and safeguarding. Hate monitoring training will be provided by the West Yorkshire Police Safer Schools Officer.

Safeguarding

Our Child Protection policy and the Keeping Children Safe in Education have both been recently updated. On our Away Day, we confirmed further tweaks to some aspects of the CP policy before finalising.

Attendance

In the 2019/20 academic year, the school must ensure a rigorous process is put into place to ensure that all learners are punctual and have high attendance.

Performance management and Pay Progression

The performance management process for 2018/19 is currently under review and due to be completed during the Autumn Term 2019/20. During this time, new targets will be set for this academic year. John Atkinson (The School Improvement Advisor) is assisting with this process for Jordan License and Sarah Rai at the end of September. We are actively looking for performance management training for the SLT.

Impact of Pupil Premium Funding

The approved impact report for 2018 / 2019 and plan for 2019 / 20 are now published on the website as agreed at the meeting on the 10th July 2019.

Impact of Sports Funding

The approved impact report for 2018 / 2019 and plan for 2019 /20 are now published on the website as agreed at the meeting on the 10th July 2019.

Special Educational Needs

Sarah Rai has recently updated the SEN Policy, Core Offer and Annual review. These changes will be shared and discussed at the Away Day.

Facilities Management (Including Premises and Catering)

All statutory building maintenance has taken place which is required up until the start of the next academic year in September 2019.

What we are also looking to put into place is an improved reporting mechanism to the school and Board of Trustees with a monthly (and recorded) premise meeting at the school, alongside continued use of the building file which can be reviewed at any time to provide an overview as to progress.

Leeds City Council has now began providing school meals. This has had a very positive impact with more children now signing up for school dinners.

Health and Safety

As noted above, good progress is being made on Facilities Management work and the preventative maintenance calendar is working well. We have no major injuries to report at this time.

Staffing, Recruitment and Retention

At current, all other roles are in place with a member of staff returning from Maternity leave in the Spring 2 half term. All of our teachers have remained at the school with new additions to cover acting roles, maternity cover and a new year group. We have

Khalsa Education Trust

Trustees' Report (continued)

also begun to work alongside the Red Kite Alliance, who we have supplied us with a teaching student until the end of Autumn Term.

Continuing Professional Development

The Head of School, serving as a deputy to the Executive Principal has attended SEF (School Evaluation Form) training to complement the assistance he has received from local leaders and our Improvement Advisor.

Our Assistant Principal has undertaken SENCo training alongside which both herself and a Teaching Assistant (one-to-one) have completed the Autism Training (Tier Two and Three.) All staff were recently trained in Autism Tier One. Subject Leads are developing their skills and knowledge with assistance from external consultants and local leaders. This will greatly impact on English, Math and Science across the whole school this year.

For Science, we have also subscribed to the Primary Science Quality Mark programme.

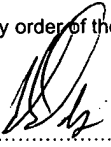
Funds Held as Custodian Trustee on Behalf of Others

There are no funds held on behalf of others.

Statement as to Disclosure of Information to Auditors

So far as the trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware; and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

Approved by order of the board of trustees on19/12/2019..... and signed on its behalf by:


.....
Mr H Singh Sidhu
Trustee

Khalsa Education Trust

Governance Statement (continued)

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Khalsa Education Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Principal, 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 Khalsa Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The members have formally met twice during the year. Attendance during the year at meetings of the trust members was as follows:

| Member | Meetings attended | Out of a possible |
|-------------------------------|-------------------|-------------------|
| Mr Palvinder Singh | 1 | 2 |
| Mr Hardev Singh Sidhu (Chair) | 2 | 2 |
| Dr Jatinder Singh Mehmi | 2 | 2 |

The trust members have a cross section of skills including education, accounting, marketing, IT and general management. Mr Harnek Bhullar Singh stepped down as a member and Mr Palvinder Singh immediately replaced Mr H.B. Singh. At the same time, Mr Sidhu replaced Mr H.B. Singh as the Chair of the Trust. There were no further changes in membership during the year.

Overview

The governing body (Board of Trustees) conducts its business to take account of the three roles of the governing bodies as outlined in the Governors' Handbook:

1. Ensuring clarity of vision, ethos and strategic direction;
2. Holding the Headteacher to account for the educational performance of the school and its pupils;
3. Overseeing the financial performance of the school and making sure its money is well spent.

The day to day management of the school is the responsibility of the Head teacher and senior leadership team.

The governing body also ensures that the school complies fully with statutory safeguarding procedures. All staff have signed a record to confirm they have read Part 1 of the DfE statutory guidance "Keeping Children Safe in Education". The governing body has familiarised itself with the document and the safeguarding trustee has worked with the safeguarding lead in school to complete the annual safeguarding audit.

Resources, Premises and Marketing Committee (meets termly)

This Committee has been delegated various roles and responsibilities relating to staffing, the budget and premises. It will cover the terms of reference of the:

- **Finance committee** - responsible for staffing, finance, property management, health and safety and risk management, including GDPR.
- **Audit and risk committee** – responsible for agreeing a programme of work (inter-nal scrutiny) to provide assurance on financial controls and risks. This is a statutory committee unless its functions are covered by another committee (duties cannot be covered by the board and the Chair of the trust board should not Chair this committee).

Curriculum and Pastoral Committee (meets termly)

This Committee has been delegated various roles and responsibilities relating to pupils, teaching and learning and standards. It will cover the terms of reference of:

- **Standards committee** - responsible for the quality of education including ensuring a broad and balanced curriculum is being taught, target setting, assessment and out-comes and the quality of teaching for each of its academies (unless considered by the trust board or delegated to the local governing body).
- **Local governing body**** - responsible for behaviour, safeguarding, attendance, spiritual moral social and cultural development, children, parent and staff voice, equality and diversity, extra-curricular activities, cluster and other partnerships.

** in the case of a single academy the local governing body will be the pupil support committee.

Khalsa Education Trust

Governance Statement (continued)

The composition of the governing body

During this academic year there has been significant change in the membership. Three Trustees have left and four new Trustees have been recruited from local good and outstanding schools/colleges. A further two have come from local successful businesses, bringing with them specialist experiences, i.e. premises maintenance and business finance. However, at the start of the new academic year, two parent-governors (trustees) plus another from the community will be joining us on the governing body, because we are always on the lookout for further purposeful committed individuals.

The range of skills across the governing body includes strengths in experience of professional leadership, understanding of national education policy, and financial management.

The Governing Body annually conducts a review of its effectiveness and impact and agreed a formal Code of Conduct on an annual basis.

All Governing Body members have completed Declaration of Business Interest Forms.

All Governing Body members are required to complete a skills audit.

Governing Body members attend training regularly to ensure they have the necessary skills and information needed to carry out the importance work of school governance. A log of training is recorded in the minutes of termly Board meetings.

Governors also conduct scheduled monitoring visits, which are recorded in the Governing Body minutes each term.

Link Governors

Certain Governors have been assigned a key area of responsibility in terms of holding the school to account for the quality of provision and compliance with statutory requirements. They visit the school and report back to the Governing Body.

Meetings of the governing body and attendance

The Governing Body meets once a term and meetings are formally convened and minutes are taken by the Clerk supplied by Leeds City Council via an annual SLA Governance Services provision.

Last year, the full governing body held four meetings during the full academic year; all meetings were clerked by a trained professional clerk. During the academic year 2018-19, the attendance of trustees was as follows:

Attendance during the year at meetings of the board of trustees of Khalsa Science Academy were as follows:

| | Meetings attended | Out of a possible |
|---------------------------------|--------------------------|--------------------------|
| Mrs Davender Kaur Bahi | 0 | 1 |
| Mr Richard Berry | 3 | 4 |
| Mr Mandeep Chaggar | 2 | 2 |
| Mr Sukhraj Singh Gill | 0 | 2 |
| Mr Stuart Jolley | 2 | 2 |
| Mr Jordan License | 4 | 4 |
| Mr Jatinder Singh Mehmi | 2 | 4 |
| Mrs Vicki Morris | 1 | 2 |
| Mr Chris Needham | 1 | 2 |
| Mr Rashpal Singh Sagoo | 3 | 4 |
| Mr Amrik Sindhar | 1 | 2 |
| Mr Hardev Singh Sidhu | 3 | 4 |
| Mr Harnek Bhullar Singh (Chair) | 4 | 4 |
| Mr Palvinder Singh | 0 | 1 |
| Mr Sukadev Singh | 2 | 2 |
| Mrs Rebecca White | 4 | 4 |

The finance committee of Khalsa Science Academy is a sub-committee of the governing body. Attendance at meetings in the year was as follows:

| | Meetings attended | Out of a possible |
|-------------------------------|--------------------------|--------------------------|
| Mr Harnek Bhullar Singh | 3 | 3 |
| Mr Hardev Singh Sidhu (Chair) | 2 | 3 |
| Mr Bas Basra | 2 | 3 |
| Ms Linda Talbot (Bookkeeper) | 2 | 3 |
| Mrs Sharon Judd | 1 | 2 |
| Mr Stuart Jolley | 2 | 2 |
| Mr Amrik Sindhar | 1 | 2 |
| Mr Jordan License | 2 | 2 |

Khalsa Education Trust

Governance Statement (continued)

Review of Value for Money

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

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

Staffing structures are scrutinised by the LGB and trust board to ensure staff are efficiently deployed and are appropriately qualified, experienced and enthusiastic; thus supporting the ethos of the trust.

We focus on the differing needs of every individual pupil. Pupil Premium funding has also be allocated to optimum effect, as detailed in the individual plans within school.

Procurement rules are followed stringently as set out in the Trust's scheme of delegation. Competitive tendering of ICT and electrical services has provided savings to the school and improvements to the services offered.

These principals will continue to be applied as the school continues to grow.

The Purpose and 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 Khalsa Education Trust for the period from 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees 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 trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period from 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. The process is regularly reviewed by the board of trustees.

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 trustees;
- regular reviews by the finance 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 trust has considered the need for a specific internal audit function and has appointed Stephen Dolman, an independent academies financial consultant from education consultants, School Business Services as Responsible Officer (RO). Additional tests to support the work of the finance sub-committee were undertaken by the RO, the resulting findings and recommendations have been adopted to support the going concern.

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The Responsible Officer reports to the board of trustees, through the strategic Finance and Compliance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

Khalsa Education Trust

Governance Statement (continued)

As accounting officer the headteacher 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 reviewer;
- 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 committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on19/12/2019.....and signed on its behalf by:

Mr H S Sidhu
Chair of Trust



Mrs D Kenny
Accounting Officer



Khalsa Education Trust

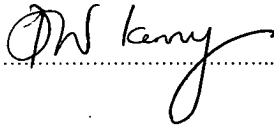
Statement of Regularity, Propriety and Compliance

As accounting officer of Khalsa Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the multi-academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees 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 2019.

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

Mrs D Kenny
Accounting Officer

A handwritten signature in black ink, appearing to read 'D W Kenny', written over a dotted line.

19/12/2015

Khalsa Education Trust

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2012 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 19/12/2015 and signed on its behalf by:



Mr H S Sidhu
Chair of Trust

Khalsa Education Trust

Independent Auditor's Report to the Members of Khalsa Education Trust

Opinion

We have audited the financial statements of Khalsa Education Trust for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" the charities SORP 2012 and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2012 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Khalsa Education Trust

Independent Auditor's Report to the Members of Khalsa Education Trust (continued)

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

This report is made solely to the academy trust's members, as a body, in accordance with chapter 3 of section 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust'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 academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

AJR Russell

Alistair Russell FCA
For and on behalf of
Gibson Booth Chartered Accountants
and Statutory Auditors
New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

19/12/19

Khalsa Education Trust

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

In accordance with the terms of our engagement letter dated 22 October 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Khalsa Education Trust during the period from 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Khalsa Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Khalsa Education Trust's funding agreement with the Secretary of State for Education dated 19 September 2011 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

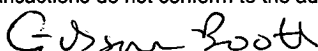
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw our conclusions includes:

- an initial risk assessment, the results of which were used to tailor a specific work programme to ensure sufficient appropriate evidence could be obtained to support the conclusion;
- a review of the academy trust's accounting and internal control procedures; and
- consideration and review of the evidence supporting the accounting officer's statement on regularity, propriety and compliance.

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Gibson Booth Chartered Accountants
and Statutory Auditors
New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

19/12/19

Khalsa Education Trust

Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account)

| | | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total 2019 | Total 2018 |
|---|-------|-----------------------|--------------------------------|------------------------------------|------------------|------------------|
| | Note | £ | £ | £ | £ | £ |
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | - | - | 40,447 | 40,447 | 128,438 |
| Charitable activities: | | | | | | |
| Funding for the academy trust's educational operations | 3 | 7,400 | 716,573 | - | 723,973 | 650,058 |
| Other trading activities | 4 | 19,563 | 3,888 | - | 23,451 | 30,195 |
| Investments | | 79 | - | - | 79 | 50 |
| Total | | <u>27,042</u> | <u>720,461</u> | <u>40,447</u> | <u>787,950</u> | <u>808,741</u> |
| Expenditure on: | | | | | | |
| Raising funds | 5 | 17,387 | - | - | 17,387 | 30,085 |
| Charitable activities: | | | | | | |
| Academy trust educational operations | 6 | 7,400 | 666,919 | 154,550 | 828,869 | 790,693 |
| Total | | <u>24,787</u> | <u>666,919</u> | <u>154,550</u> | <u>846,256</u> | <u>820,778</u> |
| Net income / (expenditure) | | 2,255 | 53,542 | (114,103) | (58,306) | (12,037) |
| Other recognised gains / (losses): | | | | | | |
| Actuarial (loss)/gain on defined benefit pension schemes | 13,17 | - | (45,000) | - | (45,000) | 8,000 |
| Net movement in funds | | <u>10,497</u> | <u>300</u> | <u>(114,103)</u> | <u>(103,306)</u> | <u>(4,037)</u> |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 10,520 | (126,470) | 3,574,552 | 3,458,602 | 3,462,639 |
| Total funds carried forward | | <u>21,017</u> | <u>(126,170)</u> | <u>3,460,449</u> | <u>3,355,296</u> | <u>3,458,602</u> |

Khalsa Education Trust

Balance Sheet as at 31 August 2019

| | | 2019 | 2018 |
|--|------|-----------|-----------|
| | Note | £ | £ |
| Fixed assets | | | |
| Tangible assets | 10 | 3,448,543 | 3,573,314 |
| Current assets | | | |
| Debtors | 11 | 25,825 | 26,848 |
| Cash at bank and in hand | | 166,302 | 146,387 |
| | | 192,127 | 173,235 |
| Creditors: Amounts falling due within one year | 12 | (153,374) | (223,947) |
| Net current assets / liabilities | | 38,753 | (50,712) |
| Total assets less current liabilities | | 3,487,296 | 3,522,602 |
| Net assets excluding pension liability | | 3,487,296 | 3,522,602 |
| Defined benefit pension scheme liability | 17 | (132,000) | (64,000) |
| Total assets | | 3,355,296 | 3,458,602 |
| Funds of the academy trust: | | | |
| Restricted funds | | | |
| Fixed asset fund | 13 | 3,460,449 | 3,574,552 |
| Restricted income fund | 13 | 5,830 | (62,470) |
| Pension reserve | 13 | (132,000) | (64,000) |
| Total restricted funds | | 3,334,279 | 3,448,082 |
| Unrestricted income funds | 13 | 21,017 | 10,520 |
| Total funds | | 3,355,296 | 3,458,602 |

The financial statements on pages 16 to 30 were approved by the trustees, and authorised for issue on 19/12/2019 and are signed on their behalf by



Mr H Singh Sidhu
Trustee

Company Registration Number: 07954683

Khalsa Education Trust

Statement of Cash Flows for the year ended 31 August 2019

| | Note | 2019 £ | 2018 £ |
|--|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 15 | 9,168 | 36,328 |
| Cash flows from investing activities | | | |
| Interest receivable | | 79 | 50 |
| Purchase of tangible fixed assets | | (29,779) | (128,439) |
| Capital grants from DfE/ESFA | | 40,447 | 128,438 |
| | | <u>10,747</u> | <u>49</u> |
| Change in cash and cash equivalents in the reporting period | | <u>19,915</u> | <u>36,377</u> |
| Cash and cash equivalents at 1 September 2018 | | 146,387 | 110,010 |
| Cash and cash equivalents at the 31 August 2019 | | <u><u>166,302</u></u> | <u><u>146,387</u></u> |

Khalsa Education Trust

Notes to the Financial Statements for the period ended 31 August 2019

1 Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2018 to 2019 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Khalsa Education Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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.

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

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.

Khalsa Education Trust

Notes to the Financial Statements for the period ended 31 August 2019

1 Statement of Accounting Policies (continued)

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on Raising Funds

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

Charitable Activities

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

Tangible Fixed Assets

Assets costing £1,000 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

| | |
|-------------------------|----------------------|
| Freehold land | Not depreciated |
| Freehold buildings | 2% straight line |
| Leasehold improvements | over term of lease |
| Furniture and equipment | 25% reducing balance |
| Computer hardware | 25% straight line |

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

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

Liabilities

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

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Khalsa Education Trust

Notes to the Financial Statements for the period ended 31 August 2019

1 Statement of Accounting Policies (continued)

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 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the tangible assets, and accounting policies for the depreciation rates used for each class of assets.

Critical areas of judgement

No significant judgements have been made in the process of applying the entity's policies.

Khalsa Education Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

2 Donations and capital grants

| | Unrestricted Funds | Restricted Funds | Total 2019 |
|----------------|-----------------------|---------------------|------------|
| | £ | £ | £ |
| Capital Grants | - | 40,447 | 40,447 |
| | - | 40,447 | 40,447 |

| | Unrestricted Funds | Restricted Funds | Total 2018 |
|----------------|-----------------------|---------------------|------------|
| | £ | £ | £ |
| Capital Grants | - | 128,438 | 128,438 |
| | - | 128,438 | 128,438 |

3 Funding for the Academy Trust's Educational Operations

| | Unrestricted Funds | Restricted Funds | Total 2019 |
|----------------------------|-----------------------|---------------------|------------|
| | £ | £ | £ |
| DfE / ESFA grants | | | |
| General Annual Grant (GAG) | - | 636,308 | 636,308 |
| Pupil premium | - | 27,675 | 27,675 |
| Other DfE/ESFA grants | - | 43,898 | 43,898 |
| | - | 707,881 | 707,881 |

Other Government grants

| | | | |
|--|-------|---------|---------|
| Local authority grants | - | 8,692 | 8,692 |
| | - | 8,692 | 8,692 |
| Other income from the academy trust's educational operations | 7,400 | - | 7,400 |
| | 7,400 | 716,573 | 723,973 |

| | Unrestricted Funds | Restricted Funds | Total 2018 |
|----------------------------|-----------------------|---------------------|------------|
| | £ | £ | £ |
| DfE / ESFA grants | | | |
| General Annual Grant (GAG) | - | 588,639 | 588,639 |
| Pupil premium | - | 16,280 | 16,280 |
| Other DfE/ESFA grants | - | 42,599 | 42,599 |
| | - | 647,518 | 647,518 |

Other Government grants

| | | | |
|------------------------|---|---------|---------|
| Local authority grants | - | 2,540 | 2,540 |
| | - | 2,540 | 2,540 |
| | - | 650,058 | 650,058 |

Khalsa Education Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

4 Other trading activities

| | Unrestricted Funds | Restricted Funds | Total 2019 |
|--------------|-----------------------|---------------------|---------------|
| | £ | £ | £ |
| Donations | 629 | - | 629 |
| Catering | - | 3,888 | 3,888 |
| Other income | 18,934 | - | 18,934 |
| | <u>19,563</u> | <u>3,888</u> | <u>23,451</u> |

| | Unrestricted Funds | Restricted Funds | Total 2018 |
|--------------|-----------------------|---------------------|---------------|
| | £ | £ | £ |
| Donations | 3,562 | - | 3,562 |
| Catering | - | 3,705 | 3,705 |
| Other income | 15,948 | 6,980 | 22,928 |
| | <u>19,510</u> | <u>10,685</u> | <u>30,195</u> |

5 Expenditure

| | Staff Costs | Non Pay Expenditure | | Total |
|-----------------------------------|----------------|---------------------|----------------|----------------|
| | | Premises | Other | 2019 |
| | £ | £ | £ | £ |
| Expenditure on raising funds | - | - | 17,387 | 17,387 |
| Academy's educational operations: | | | | |
| Direct costs | 389,217 | 154,550 | 46,472 | 590,239 |
| Allocated support costs | <u>79,498</u> | <u>45,278</u> | <u>113,854</u> | <u>238,630</u> |
| | <u>468,715</u> | <u>199,828</u> | <u>177,713</u> | <u>846,256</u> |

| | Staff Costs | Non Pay Expenditure | | Total |
|-----------------------------------|----------------|---------------------|----------------|----------------|
| | | Premises | Other | 2018 |
| | £ | £ | £ | £ |
| Expenditure on raising funds | - | - | 30,085 | 30,085 |
| Academy's educational operations: | | | | |
| Direct costs | 370,076 | 149,917 | 63,249 | 583,242 |
| Allocated support costs | <u>61,821</u> | <u>38,203</u> | <u>107,427</u> | <u>207,451</u> |
| | <u>476,937</u> | <u>140,715</u> | <u>142,502</u> | <u>760,154</u> |

Khalsa Education Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

5 Expenditure (continued)

Net income/(expenditure) for the period includes:

| | 2019 | 2018 |
|------------------------------|--------------|---------------|
| | £ | £ |
| Operating lease rentals | - | 7,250 |
| Depreciation | 154,550 | 108,570 |
| Fees payable to auditor for: | | |
| - audit | 5,500 | 6,500 |
| - other services | 2,050 | 1,700 |
| | <u>7,550</u> | <u>14,470</u> |

6 Charitable Activities

| | Unrestricted Funds | Restricted Funds | Total | Total |
|--|--------------------|------------------|----------------|----------------|
| | 2019 | 2019 | 2019 | 2018 |
| | £000 | £000 | £000 | £000 |
| Direct costs – educational operations | 7,400 | 582,839 | 590,239 | 583,242 |
| Support costs – educational operations | - | 238,630 | 238,630 | 207,451 |
| | <u>7,400</u> | <u>821,469</u> | <u>828,869</u> | <u>790,693</u> |

| | Unrestricted Funds | Restricted Funds | Total | Total |
|----------------------------------|--------------------|------------------|----------------|----------------|
| | 2019 | 2019 | 2019 | 2018 |
| | £000 | £000 | £000 | £000 |
| Analysis of support costs | | | | |
| Support staff costs | - | 79,498 | 79,498 | 61,821 |
| Premises costs | - | 45,278 | 45,278 | 38,203 |
| Other support costs | - | 102,723 | 102,723 | 99,607 |
| Governance costs | - | 11,131 | 11,131 | 7,820 |
| | <u>-</u> | <u>238,630</u> | <u>238,630</u> | <u>207,451</u> |

Khalsa Education Trust

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

7 Staff

a. Staff costs

Staff costs during the period were:

| | Total 2019 £ | Total 2018 £ |
|--|--------------------|--------------------|
| Wages and salaries | 339,481 | 214,106 |
| Social security costs | 24,867 | 17,833 |
| Operating costs of defined benefit pension schemes | 68,548 | 48,442 |
| | <u>432,896</u> | <u>280,381</u> |
| Supply staff costs | 35,819 | 151,516 |
| | <u>468,715</u> | <u>431,897</u> |

b. Staff numbers

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

| | 2019 No. | 2018 No. |
|----------------------------|-------------|-------------|
| Teachers | 5 | 3 |
| Administration and support | 8 | 8 |
| Management | 1 | 1 |
| | <u>14</u> | <u>12</u> |

c. Higher paid staff

No employees employee benefits (excluding employer pension costs) exceeded £60,000

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £134,780 (2018: £126,227).

Khalsa Education Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

8 Related Party Transactions - Trustees' Remuneration and Expenses

There was no remuneration paid to trustees during the year (2018: £nil)

No expenses were reimbursed to trustees during the year (2018: £nil)

Other related party transactions involving the trustees are set out in note 18.

9 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost of this insurance cannot be separately identified but is included in the total insurance cost.

10 Tangible Fixed Assets

| | Freehold Land and Buildings | Furniture and Equipment | Computer Hardware | Total |
|------------------------|--------------------------------|----------------------------|----------------------|------------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 September 2018 | 3,423,866 | 216,086 | 250,433 | 3,890,385 |
| Additions | - | - | 29,779 | 29,779 |
| At 31 August 2019 | <u>3,423,866</u> | <u>216,086</u> | <u>280,212</u> | <u>3,920,164</u> |
| Depreciation | | | | |
| At 1 September 2018 | 122,166 | 86,714 | 108,191 | 317,071 |
| Charged in year | 66,578 | 32,351 | 55,621 | 154,550 |
| At 31 August 2019 | <u>188,744</u> | <u>119,065</u> | <u>163,812</u> | <u>471,621</u> |
| Net book values | | | | |
| At 31 August 2019 | <u>3,235,122</u> | <u>97,021</u> | <u>116,400</u> | <u>3,448,543</u> |
| At 31 August 2018 | <u>3,301,700</u> | <u>129,372</u> | <u>142,242</u> | <u>3,573,314</u> |

11 Debtors

| | 2019 £ | 2018 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 600 | - |
| VAT recoverable | 4,929 | 7,279 |
| Prepayments and accrued income | 20,296 | 19,569 |
| | <u>25,825</u> | <u>26,848</u> |

12 Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|---------------------------------|----------------|----------------|
| Trade creditors | 41,256 | 166,954 |
| ESFA creditor: abatement of GAG | 74,947 | - |
| Other creditors | - | 3,958 |
| Accruals and deferred income | 37,171 | 53,035 |
| | <u>153,374</u> | <u>223,947</u> |

Khalsa Education Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

12 Creditors: Amounts falling due within one year (continued)

| Deferred income | 2018 £ | 2018 £ |
|--------------------------------|---------------|---------------|
| Deferred income at 1 September | 19,199 | 12,223 |
| Released from previous years | (19,199) | (12,223) |
| Resources deferred in the year | 19,171 | 19,199 |
| Deferred Income at 31 August | <u>19,171</u> | <u>19,199</u> |

Deferred income at the year end included:

- Universal Free School Meals funding received in advance £8,732 (2018: £12,364)
- Pupil Premium funding received in advance £8,655 (2018 : £4,950)
- Other DfE/ESFA funding received in advance £nil (2018: £1,885)
- Trip income received in advance £1,784 (2018: £nil)

13 Funds

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2019 £ |
|-------------------------------------|--|----------------|------------------|-------------------------------------|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (63,906) | 636,308 | (558,330) | (8,242) | 5,830 |
| Pupil Premium | - | 27,675 | (27,675) | - | - |
| Other DfE/ESFA grants | - | 43,898 | (43,898) | - | - |
| Other government grants | - | 8,692 | (8,692) | - | - |
| Other restricted income | 1,436 | - | (1,436) | - | - |
| Catering | - | 3,888 | (3,888) | - | - |
| Pension reserve | (64,000) | - | (23,000) | (45,000) | (132,000) |
| | <u>(126,470)</u> | <u>720,461</u> | <u>(666,919)</u> | <u>(53,242)</u> | <u>(126,170)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/ESFA capital grants | 3,479,552 | 40,447 | (154,550) | - | 3,365,449 |
| Donated assets | 95,000 | - | - | - | 95,000 |
| | <u>3,574,552</u> | <u>40,447</u> | <u>(154,550)</u> | <u>-</u> | <u>3,460,449</u> |
| Total restricted funds | <u>3,448,082</u> | <u>760,908</u> | <u>(821,469)</u> | <u>(53,242)</u> | <u>3,334,279</u> |
| Total unrestricted funds | <u>10,520</u> | <u>27,042</u> | <u>(24,787)</u> | <u>8,242</u> | <u>21,017</u> |
| Total funds | <u>3,458,602</u> | <u>787,950</u> | <u>(846,256)</u> | <u>(45,000)</u> | <u>3,355,296</u> |

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

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

The other restricted general funds relate to grants and other income receivable from the DfE, ESFA and other sources towards the operating activities of the academy trust.

The restricted fixed asset funds represent the net book value of donated fixed assets and assets purchased out of income from other sources which are held for the continuing use of the academy trust.

The GAG deficit has been repaid in 2018/19. The deficit arose in 2016/17 as a result of three one-off items: a decrease in number of pupils eligible for free school meals; slightly higher PNA than expected; and two staff severance payments.

The transfer of £8,242 out of GAG represents academy funding towards the transport facility enabling children to access the school from outside the local area.

Khalsa Education Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

13 Funds (continued)

Comparative information in respect of the preceeding year is as follows:

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|-------------------------------------|--|----------------|------------------|-------------------------------------|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (85,224) | 588,639 | (552,108) | (15,213) | (63,906) |
| Pupil Premium | - | 16,280 | (16,280) | - | - |
| Other DfE/ESFA grants | - | 42,599 | (42,599) | - | - |
| Catering | - | 3,705 | (3,705) | - | - |
| Pension reserve | (54,000) | - | (18,000) | 8,000 | (64,000) |
| | <u>(139,224)</u> | <u>660,743</u> | <u>(640,776)</u> | <u>(7,213)</u> | <u>(126,470)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/ESFA capital grants | 3,501,031 | 128,438 | (149,917) | - | 3,479,552 |
| Donated assets | 95,000 | - | - | - | 95,000 |
| | <u>3,596,031</u> | <u>128,438</u> | <u>(149,917)</u> | <u>-</u> | <u>3,574,552</u> |
| Total restricted funds | <u>3,456,807</u> | <u>789,181</u> | <u>(790,693)</u> | <u>(7,213)</u> | <u>3,448,082</u> |
| Total unrestricted funds | <u>5,832</u> | <u>19,560</u> | <u>(30,085)</u> | <u>15,213</u> | <u>10,520</u> |
| Total funds | <u>3,462,639</u> | <u>808,741</u> | <u>(820,778)</u> | <u>8,000</u> | <u>3,458,602</u> |

Khalsa Education Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

14 Analysis of Net Assets between Funds

Fund balances at 31 August 2019 are represented by:

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total Funds |
|--------------------------|-----------------------|-----------------------------|------------------------------------|------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | - | - | 3,448,543 | 3,448,543 |
| Current assets | 21,017 | 159,204 | 11,906 | 192,127 |
| Current liabilities | - | (153,374) | - | (153,374) |
| Pension scheme liability | - | (132,000) | - | (132,000) |
| Total net assets | <u>21,017</u> | <u>(126,170)</u> | <u>3,460,449</u> | <u>3,355,296</u> |

Fund balances at 31 August 2018 are represented by:

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total Funds |
|--------------------------|-----------------------|-----------------------------|------------------------------------|------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | - | - | 3,573,314 | 3,573,314 |
| Current assets | 10,520 | 161,477 | 1,238 | 173,235 |
| Current liabilities | - | (223,947) | - | (223,947) |
| Pension scheme liability | - | (64,000) | - | (64,000) |
| Total net assets | <u>10,520</u> | <u>(126,470)</u> | <u>3,574,552</u> | <u>3,458,602</u> |

15 Reconciliation of Net Income to Net Cash Flow from Operating Activities

| | 2018 | 2018 |
|--|--------------|---------------|
| | £ | £ |
| Net (expenditure)/ income for the reporting period | (58,306) | (12,037) |
| Adjusted for: | | |
| Depreciation charges (note 10) | 154,550 | 149,917 |
| Capital grants from DfE and other capital income (note 2) | (40,447) | (128,438) |
| Interest receivable | (79) | (50) |
| Defined benefit pension scheme cost less contributions payable (note 17) | 22,000 | 17,000 |
| Defined benefit pension scheme finance cost (note 17) | 1,000 | 1,000 |
| Decrease in debtors | 1,023 | 67,964 |
| Decrease in creditors | (70,573) | (59,028) |
| Net cash provided by/(used in) Operating Activities | <u>9,168</u> | <u>36,328</u> |

16 Members' Liability

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

17 Pension and Similar Obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Khalsa Education Trust

Notes to the Financial Statements for the period ended 31 August 2019 (continued)

17 Pension and Similar Obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £30,547 (2018: £20,442).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2019 was £24,000 (2018: £16,000), of which employer's contributions totalled £16,000 (2018: £11,000) and employees' contributions totalled £8,000 (2018: £5,000). The agreed contribution rates for future years are 11.1% for employers and between 5.5% and 12.5% for employees.

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

Principal Actuarial Assumptions

| | At 31 August 2018 | At 31 August 2018 |
|--|----------------------|----------------------|
| Rate of increase in salaries | 3.25% | 3.25% |
| Rate of increase for pensions in payment/inflation | 3.00% | 3.10% |
| Discount rate for scheme liabilities | 1.90% | 2.80% |
| Inflation assumption (CPI) | 3.00% | 3.10% |

Khalsa Education Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

17 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions

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

| | At 31 August 2019 | At 31 August 2018 |
|-----------------------------|----------------------|----------------------|
| <i>Retiring today</i> | | |
| Males | 22.2 | 22.1 |
| Females | 25.4 | 25.3 |
| <i>Retiring in 20 years</i> | | |
| Males | 23.2 | 23.1 |
| Females | 27.2 | 27.1 |

Sensitivity analysis on defined benefit obligations

| | At 31 August 2019 £ | At 31 August 2018 £ |
|--|---------------------------|---------------------------|
| Discount rate +0.1% | 316,000 | 115,000 |
| Discount rate -0.1% | 339,000 | 123,000 |
| Mortality assumption - 1 year increase | 338,000 | 116,000 |
| Mortality assumption - 1 year decrease | 316,000 | 122,000 |
| CPI rate +0.1% | 330,000 | 122,000 |
| CPI rate -0.1% | 324,000 | 116,000 |

The academy's share of the assets in the scheme were:

| | Fair value at 31 August 2019 £ | Fair value at 31 August 2018 £ |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Equity instruments | 150,000 | 41,030 |
| Bonds | 30,000 | 7,865 |
| Property | 9,000 | 2,310 |
| Other | 6,000 | 3,795 |
| Total market value of assets | 195,000 | 55,000 |
| Present value of scheme liabilities | | |
| - funded | (327,000) | (93,000) |
| Deficit in scheme | <u>(132,000)</u> | <u>(38,000)</u> |

The actual return on scheme assets was £116,000 (2018: £nil).

Amounts recognised in the statement of financial activities

| | 2019 £ | 2018 £ |
|------------------------|---------------|---------------|
| Current service cost | 38,000 | 28,000 |
| Net interest cost | 1,000 | - |
| Total operating charge | <u>39,000</u> | <u>28,000</u> |

Khalsa Education Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

17 Pension and Similar Obligations (continued)

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

| | 2018 £ | 2018 £ |
|-------------------------|----------------|----------------|
| At 1 September | 119,000 | 93,000 |
| Current service cost | 38,000 | 28,000 |
| Interest cost | 3,000 | 2,000 |
| Employee contributions | 8,000 | 5,000 |
| Actuarial loss / (gain) | 159,000 | (9,000) |
| At 31 August | <u>327,000</u> | <u>119,000</u> |

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

| | 2017 £ | 2017 £ |
|-------------------------|----------------|---------------|
| At 1 September | 55,000 | 39,000 |
| Interest income | 2,000 | 1,000 |
| Actuarial gain / (loss) | 114,000 | (1,000) |
| Employer contributions | 16,000 | 11,000 |
| Employee contributions | 8,000 | 5,000 |
| At 31 August | <u>195,000</u> | <u>55,000</u> |

18 Related Party Transactions

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

South Asian Arts UK - a charity in which Dr Jatinder Singh is a trustee

The trust received income totalling £nil (2018: £1,500) for a summer school provision.