

Company Registration Number: 07549443 (England & Wales)

THE KHALSA ACADEMIES TRUST LIMITED
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

THE KHALSA ACADEMIES TRUST LIMITED
(A company limited by guarantee)

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THE KHALSA ACADEMIES TRUST LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2022

Members	I Anderson T Singh Rai M Singh Pangali B Mukherjee A Goyal (appointed 08 th July 2022)
Trustees	S Rayatt - Chair of Trustees and Chair of Faith & Ethos M Singh - Chair of Finance and Audit Risk Committee S Jackson - Chair of Standards Committee N S Kandola - Chief Executive & Accounting Officer (resigned 11 th October 2021) H Singh Brar - Chair of Personnel Committee A Mahmood K Dua A Singh Maan P Nanda (appointed 10 th September 2021) J Grewal (appointed 10 th September 2021)
Company registered number	07549443
Company name	The Khalsa Academies Trust Limited
Principal and registered Office	Millfields Road Ettingshall Wolverhampton WV4 6JP
Senior management team	S Webb - Interim CEO (appointed 1 st September 2021 & resigned March 2022) S Basra - Director of Finance M S Kaley - Director of Operations (resigned 30 th October 2022) A K Notta - Executive Principal The Khalsa Academy Wolverhampton and Khalsa Secondary Academy (appointed 7 th October 2021) (appointed CEO & Accounting Officer 1 st March 2022) Chris Drew - Headteacher Khalsa Secondary Academy (resigned 6 th October 2021) David Martin - Executive Headteacher ATAM Academy (appointed 1 January 2021 & resigned 31 st August 2022) N S Kandola - Former CEO (resigned & last date of service 6 th September 2021)
Independent auditors	Landau Baker Limited Chartered Accountants Statutory Auditor Mountcliff House 154 Brent Street London NW4 2DR

THE KHALSA ACADEMIES TRUST LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees present their annual report, financial statements and auditor's report of the charitable company for the period 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust operates 2 Academies in Wolverhampton and Redbridge. Its Academies have a combined pupil capacity of 2,100 and had a roll of 1545 in the school census on October 2021.

Structure, Governance, and Management

Constitution

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

The Trustees of The Khalsa Academies Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Khalsa Academies Trust.

Details of the Trustees who served during the period 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 £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

The articles of association require the appointment of at least three Trustees to the Company. Members may appoint up to six of the Trustees. The Board reviews its effectiveness continually, looking at the skills and performance of its Trustees. During last year, the Board completed a review of its Governance, which resulted in the recruitment of new Trustees. The Trust also advertised for these new roles via its website and professional networking channels after a review of its Governance.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their individual experience and expertise. An Induction programme is provided on charity, educational, legal and financial matters. All new Trustees are given a tour of the Academies and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as Trustees and directors of the Academy.

Organisational Structure

The Trust has established a management structure to enable its efficient running. There is a clear management structure to control the way in which the Trust is run. The structure consists of three levels: the Trustees, the executive team and the academies themselves. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Khalsa Academies Trust has five members who hold the Trust board to account for the performance of the Trust against its charitable objectives.

The Trustees are responsible for setting the overall strategy, adopting an annual operational plan, reviewing the educational progress of the academies, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Structure, Governance, and Management (continued)

Organisational Structure (continued)

The executive team control the Trust at an operational level implementing the policies laid down by the Trustees and reporting back to them. As a group, the executive team are responsible for the authorisation of head office spending within agreed budgets and the appointment of staff, though appointments to the executive team always involve a representative of the Trustees.

The Local advisory Boards and the Headteachers manage the academies on a day-to-day basis. The Local advisory Board for each Academy is delegated Local governance functions and retains a strong focus on three core strategic functions:

- supporting and developing stakeholder engagement
- promoting the TKAT vision and principles
- holding the principal to account for the educational performance of the Academy and its students

Arrangements for setting pay and remuneration of key management personnel

The Board has delegated the arrangement for setting the pay and remuneration for executive directors and senior management to the Remuneration Committee whose members comprise three Trustees including the Chair of the Trust. This committee reviews the performance of the executive directors and ensures that succession planning is in line with the plans of the Trust. This committee also sets the band of annual pay increases for all staff as guidelines for each of the academies pay committees. The Trust Scheme Of Delegation assigns responsibility for pay increases for all staff within academies to the Principal and the pay committee.

Mission, Vision, Ethos & Values

Our mission is to provide our family of schools with exceptional opportunities for our pupils, staff and leaders and develop a strong culture of excellence and standards. As lifelong learners we have placed our universal Sikh and British values at the very foundation of our schools. This in turn will inspire our pupils to excel academically, as well as spiritually to become well rounded citizens, who consider sustainability and their digital footprint whilst impacting their local and national communities.

Our vision is to provide inclusive exceptional schools, led by fearlessly motivated and driven leaders, who command the highest standards of themselves and others. This level of accountability and consistency, is seen across all aspects of school life, especially in the quality of education, resulting in high performing, well rounded and world ready individuals.

We care about our pupils and want to ensure that they are happy and safe. Personal development is at the core of our schools, where we provide impactful experiences and opportunities that will develop our pupils to become future leaders.

Our Ethos:

We pride ourselves in the strong community ethos that exists within our schools, allowing all stakeholders to have the opportunity to flourish. Our ethos is based on the following principles:

Kirat Karna means to live an honest life and be hardworking. At TKAT we have translated this into

- **TOGETHER AS ONE, WE WILL WORK HARD TO EXCEED EXPECTATIONS** through examples of ; **Sat, Santokh and Dharam**

Naam Japna means to meditate and recite God's name. We have translated this into

- **TOGETHER AS ONE WE WILL DISCOVER OUR PERSONAL SPIRITUAL JOURNEY** through examples of; **Pyaar, Chardi kala and Daya**

Vand Chakna means to contribute and share within our wider community. We have translated this into

- **TOGETHER AS ONE, WE WILL LIVE LIFE IN HARMONY WITH ALL OTHERS** through examples of ; **Pyaar, Himmat and Daya**

Our Universal Sikh Values:

Our values are the foundation of our schools. They are woven in all aspects of school life, whether that be through our strong pastoral provision or our broad and balanced curriculum offer.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Mission, Vision, Ethos & Values (continued)



We will achieve this by working towards the following strategic priorities and goals:

Strategic Priority 1 - Highest Standards of Academic Excellence through the Quality of Education

Our educational strategies are defined by the highest standards of academic excellence and will focus on providing a stimulating, broad and outstanding education for all.

Goals:

- A culture of honest self-evaluation and development, which prioritises student success, is at the heart of every action and initiative taken in our schools
- Teaching and learning is stimulating, inspirational, individualised and challenges the student beyond their independent ability
- Assessment strategies focus on developing learning through a refined understanding of student voice and interactive feedback
- Excellent use is made of the data collected to monitor progress and implement school wide improvements
- Continued Professional Development programmes are designed to develop and nurture highly skilled teachers and encourage innovation within a collaborative culture
- The curriculum design is broad, contextualised and extends beyond the classroom into the school environment, where a culture of good behaviour, curiosity and participation in extra-curricular learning is the norm

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Mission, Vision, Ethos & Values (continued)

- Staff and students feel valued for their unique personal qualities and abilities, yet challenged in all that they undertake
- Leaders, Trustees and Trustees recognise and reward success

Strategic Priority 2 - Sustainable Strong Governance and Leadership Capacity at all levels

Goals:

- Trustees, Trustees and Leaders have a clear and ambitious vision for providing high-quality, inclusive education for all students and especially the disadvantaged and SEND students
- Trustees, Trustees and Staff have strong shared values based on the Sikh ethos and practice as defined by the supreme temporal and spiritual authority the Akaal Takhat, in Amritsar
- A strong culture of Safeguarding is driven by the leadership of the Board across all its schools
- Trustees continue to provide robust oversight, and both challenge and performance manage the CEO and executive team across educational outcomes, financial performance, risk management and the wellbeing and safety of staff, and students
- Those in positions of Governance at all levels of the Trust continue to be knowledgeable, experienced, fully trained and confident in performing their roles successfully
- A highly robust risk and control policy and framework covering the full range of strategic risks, including operational and financial, underpins strategic decision making
- Clear and consistent systems support the Trust in carrying out forensic data analysis and using data and assessment efficiently and effectively to inform each school's improvement strategy and actions.

Strategic Priority 3 - Safeguarding and Wellbeing

Embedding an organisational culture that prioritises safeguarding and focuses on efficient systems, effective practice and meaningful engagement

Goals:

- Trustees and school leaders ensure that robust policies and procedures are in place following statutory guidance, good practice guidance and legislation and that these are rigorously implemented and embedded in practice by all staff
- Protecting children from harm is central to the culture of our schools and clear systems are in place for safer recruitment, and for referring or reporting to relevant organisations as soon as concerns are identified
- Safeguarding information is communicated, displayed, posted in all appropriate places and proactive awareness raising is underpinned by appropriate and accessible staff training on a continuous basis
- Enhanced safeguarding risks at certain points of practice and organisational interface are understood, as is the need for safeguarding to be increasingly responsive to the context of our students' lives
- Health and wellbeing are an integral element of the Trust's educational philosophy and vision, and this is recognised in the appointment of a Trustee to champion staff and student wellbeing across the Trust
- The schools provide a holistic education which balances academic achievement with social, physical, emotional and mental wellbeing
- A robust curriculum includes outdoor learning and fosters personal growth, citizenship and sustainable patterns of living

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TRUSTEES' REPORT (CONTINUED)
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Mission, Vision, Ethos & Values (continued)

Strategic Priority 4 - Strengthen Stakeholder Engagement

Schools are at the heart of the community and engender a sense of pride in parents and local leaders

Goals:

- Trustees, Trustees and Leaders ensure that mechanisms are in place to engage meaningfully with all students, parents/carers and staff in order to create a sense of Trust and shared ownership of the organisation's strategy, vision and operational performance
- Leaders and Trustees have a deep, accurate understanding of the school's effectiveness informed by the views of students, parents/carers, and staff
- Strong and robust relationships with parents/carers, staff, students, and local communities exist in all schools and everyone knows that their opinion matters
- Active community representatives on the Local Advisory Boards reach out and engage with the local community
- Hold annual events that are well attended by the students, parents/carers, staff and local community and business representatives
- Build positive and constructive relationships with the Department for Education
- Effective links with other Sikh schools and national organisations to collaborate on joint initiatives.

Strategic Priority 5 - Accountability and Financial Performance

We want to manage finances in the best way to ensure best outcome for the students and ensure strong financial stability.

Goals:

- Trustees and Leaders provide robust and effective Governance to ensure ongoing viability and efficiency of the Trust through effective business and financial planning
- Ongoing financial scrutiny and oversight by the Trustees and Leaders to ensure optimal financial performance and that the Trust continues to remain in a financial surplus
- Efficient use of resources to maximise outcome for pupils and public money is well spent
- Capital projects are well designed, financially viable and executed without introducing risk to other schools in the Trust
- Internal controls and risk management is continually scrutinised and operating effectively
- Ensure compliance with all regulatory requirements
- Transparency and assurance to stakeholders through independent external financial and internal control audits

Public benefit

In setting the objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. As a Multi Academy Trust we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money for local, national and international charities.
- Providing community events such as music festivals
- Providing community service events such as preparing food for the homeless and NHS staff
- Engaging with other local schools to provide sporting opportunities for students to interact and engage

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Achievements and Performance

The Khalsa Academies Trust commenced operations as a Multi-Academy Trust in January 2015. Following a decision by the DFE, one of our secondary schools, Khalsa Secondary Academy, was transferred out to a new Trust effective 1st May 2022 and therefore the outcomes for that Academy are no longer reported within our Trustees Report.

The Khalsa Academy Wolverhampton 2022 Outcomes

Headline Measures - Key Stage 4	TKAW	Local	National
Progress 8 score after adjustment for extreme pupil scores	0.67	0	-0.03
Average attainment 8 score per pupil	53.01	47.7	48.7
% of pupils entering the English Baccalaureate	81.50%	28%	39%
Average EBacc APS score per pupil	4.99	3.95	4.27
% achieving grade 5 or above in the English Baccalaureate	23%	12%	20%
% achieving grade 4 or above in the English Baccalaureate	39%	17%	27%
% achieving grade 5 or above in English and maths	63.87%	45%	50%
% achieving grade 4 or above in English and maths	85%	65%	69%

Headline Measures - Key Stage 5

A level cohort and results Number of students at the end of 16 to 18 study with an A level exam entry (for average grade measure) - 49

Average point score per A level entry expressed as a grade - C

Average point score per A level entry - 31.53

Applied general cohort and results

Number of students at the end of 16 to 18 study with an applied general exam entry (for average grade measure) - 22

Average point score per applied general entry expressed as a vocational grade - Merit+

Average point score per applied general entry - 27.92

Ofsted grading:

The Khalsa Academy Wolverhampton (TKAW) was graded Good in its inspection in 2018 and its monitoring visit in 2019

The ATAM Academy 2022 Outcomes

Year 2 key stage 1 Attainment

Percentage of pupils meeting the expected standard in reading TA - 59%

Percentage of pupils meeting the expected standard in writing TA - 53%

Percentage of pupils meeting the expected standard in maths TA - 66%

Year 6 key stage 2 Attainment

Percentage of pupils meeting the expected standard in reading - 84%

Percentage of pupils meeting the expected standard in writing TA - 88%

Percentage of pupils meeting the expected standard in maths - 84%

Percentage of pupils meeting the expected standard in grammar, punctuation and spelling - 88%

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Achievements and Performance (continued)

Ofsted grading:

The ATAM Academy was graded Outstanding in its inspection in May 2019 and Safeguarding was graded effective in May 2021.

In the last inspection in May 2022 ATAM was graded Requires Improvement. The Trust requested an Action plan to address the Areas of Improvement within the Ofsted report. The action plan is monitored rigorously through a termly monitoring reporting by the Director of Education, who reports to the CEO and into the Standards Committee with progress against the actions.

The Principal, Director of Education and CEO also meet with the West Midlands Regional Director's team to update them on the areas of development and progress made against the AFIs. The RD team have been satisfied with the progress and have reduced the number of meetings. The Trust continues its robust monitoring of the post Ofsted Action plan.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

The DFE decided to rebroker Khalsa Secondary Academy, Stoke Poges out of the Trust and this took effect from 1st May 2022. The Trust has considered the impact of running with the two existing schools and is assured that it has adequate resources to continue for the foreseeable future given that both remaining academies have strong pupil intake numbers, both are in a cumulative surplus reserves position and the Trust overall has a reasonable level of cumulative surplus reserves and a strong cash balance to enable it to operate successfully as a two school Trust for the foreseeable future.

Due to financial Governance and management, the Trust was issued a Financial Notice to Improve (FNTI) in February 2020 which was closed in January 2022 and superceded by a new Notice to Improve (NTI) issued in January 2022.

The Trustees have been working closely with the ESFA and RD's team and have been proactively working through the new NTI actions and requirements and we are hopeful that the NTI will be reviewed, completed and fully closed out during the current academic year.

Financial Review

During the period, ESFA/LA/Government grants received totalled to £11,614,197. There was no other income included within restricted funds during this period. Restricted fund expenditure totalled to £11,409,881. The Trust has reported an in-year surplus on Restricted General Funds of £418,316, of which a further amount of £115,931 has been utilized to fund additional capital expenditure during the year giving an overall net in year surplus of £302,385.

The main source of unrestricted income is donations, totalling to £1,848 other trading activities totalling £611,673 and £137 bank interest income. Unrestricted fund expenditure totalled to £428,077 giving an in-year surplus of £185,581 on Unrestricted General Funds.

Most of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12-month period ended 31 August 2022 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The Trust also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2019), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The Trust is pleased to report that it has continued to move into a healthier cumulative surplus position of £752,253 on General Reserves (Restricted & Unrestricted), which is a significant step towards ensuring the financial sustainability of the Trust moving forward.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Financial Review (continued)

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Trust. It should be noted that this does not present the Trust with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the Trust has a healthy balance sheet and strong cash flow and will be using the reserves to maintain the current assets and also to invest back into the academies in the form of additional resources and facilities both in the long term and short term in conjunction with the academies development plans and school aims.

The Trustees through the Finance, Audit and Risk Committee (FARCom) and the CEO receive financial progress reports throughout the year and compare against budgets submitted to the Education and Skills Funding Agency. The FARCom also review longer term financial models (up to 3 years) to plan and organise resources most effectively to fulfil the aims of the Trust.

One of the schools in the Trust, Khalsa Secondary Academy, was rebrokered to another Trust during the year and the transfer became effective from 1st May 2022. The Trust has reviewed and successfully completed its restructuring of its Central Services provision to the remaining 2 schools in the Trust. This review process has resulted in cost savings and improved efficiencies which will ensure that the Trust remains financially viable especially given that the 2 remaining schools are filling to PAN on pupil numbers and are projected to generate strong and consistent surpluses per the 3 Year Plan.

Reserves Policy

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- permanent endowment funds
- expendable endowment funds
- restricted income funds
- any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

'Reserves' are therefore the resources the Trust has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the Trust and is to be spent at the Trustees' discretion in furtherance of any of the Trust's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (i.e., is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The Trustees will keep this level of reserves under review on a periodic basis and aim to build and maintain the reserves level, whilst in keeping with the principal object of the Trust.

Total reserves at the end of the period amounted to £52,512,017, which is after accounting for the transfer out of the reserves totalling £18,147,687 associated with Khalsa Secondary Academy which left the Trust on 1st May 2022. This balance on Total Reserves includes a deficit on unrestricted funds (free reserves) of £42,145, which is a significant improvement on prior years, and this deficit is likely to become a cumulative surplus during the current academic year as both the pupil numbers increase as our schools reach full capacity and the level of lettings income continues to grow over the next few years. The surplus on restricted funds is £52,554,162, which includes restricted fixed asset funds of £51,784,764 and a pension deficit of £25,000.

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the Trust, similar to many other Trusts, recognises a significant pension fund deficit totalling to £25,000. This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted fund this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Reserves Policy (continued)

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Trust due to the recognition of the deficit.

Investment Policy

It should be noted that the Academy Trust has substantial power with regards to investments due to cash balances held. Investment policies are determined at Trust level. This ensures the level of funds the Trust holds can cover any immediate expenditure, without exposing the Academies to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. At 31 August 2022, no investments were held.

Principal Risks and Uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The Trust is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Trust's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The Trust's system of internal controls ensures risk is minimal in these areas.

A risk register is in place and is reviewed and updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Trust faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the Academies face, especially in the operational areas (e.g., in relation to teaching, health and safety and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover.

The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit at 31 August 2022. 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.

Fundraising

The Trust engages in limited fundraising activities throughout the academic year, both for specific projects and to augment the annual education budget. It should be noted that lettings activities are now back to normal levels post Covid19 lockdowns and this will be a significant source of additional income for the Trust in future years.

Plans for Future Periods

The Trust does not have any plans for expansion during the next 2 years and intends to focus on consolidating its current academies and improving Governance and performance. The Trustees have agreed a three-year plan and strategic objectives which have been outlined earlier in this document, The Trust intends to recruit further Trustees as well as school improvement partners.

Funds Held as Custodian Trustee on Behalf of Others

The Trust or its Trustees did not act as custodian Trustee during the current or previous period.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 13 December 2022 and signed on its behalf by:



Shaminder Rayatt
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that The Khalsa Academies 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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for Governance.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 The Khalsa Academies Trust Limited 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 Board of Trustees has formally met 7 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
S Rayatt	7	7
M Singh	7	7
S Jackson	7	7
H Brar	4	7
K Dua	5	7
A Maan	5	7
A Mahmood	4	7
P Nanda	5	6
J Grewal	1	6
A Notta	4	4
N S Kandola	1	1

Jasminder Grewal – (appointed 10th September 2021)

Priya Nanda – (appointed 10th September 2021)

Nick Kandola – (resigned 11th October 2021)

Trustees typically also serve on a number of other sub committees, as set out on the school website.

The impact of each Trust Committee is reviewed and monitored on an annual basis. The Trustees also carry out an annual self-evaluation review of Governance.

The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Risk Register & The Trust Improvement Plan. Recommendations for improvements should be assessed for their full impact before they are implemented.

The Trustees have created four sub-committees of the main Board as follows:

Standards Committee

The Trust Standards Committee advises the Board on matters relating to the Trust's curriculum, teaching and learning, quality and standards of education and Safeguarding. This includes monitoring and advising the Trust Board on the following:

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Safeguarding procedures, training, trends, arrangements and audit findings

Data on attainment and progress for all of the Trust's academies

School improvement work and leadership and management

Overall performance of each of the academies against the Ofsted framework

Standards of Teaching and Learning including CPD

The Trust quality improvement and intervention strategies and plans

Special Educational Needs, Disability (SEND) and inclusion

Disadvantaged pupils

Partnership working, Admissions arrangements, Community engagement.

Relevant statutory required policies: Relationships & Sex Education; Personal, Social Health and Economics Education (PSHE); Child Protection and Safeguarding; Admissions; Parental Complaints; SEND; Charging and Remissions;

Significant focus for sub-committee during the year included the monitoring of progress of Khalsa Secondary Academy out of Special Measures. This included working closely with the Bucks LA who reported that the school and Trust have made good progress in Safeguarding. The sub-committee also focused on the move for all Trust schools to a three-year key stage 3 curriculum which was successfully completed during the year.

Trustee	Meetings Attended	Out of a Possible
S Jackson (Chair)	5	5
S Rayatt	4	5
J Grewal	2	4
P Nanda	4	4
P Topping	2	2
K Dua	1	2
N Kandola	1	1
A Notta	5	5

Nick Kandola – (resigned 11th October 2021)

Remuneration and Nominations Committee

The Remuneration and Nominations Committee is a sub-committee of the Board of Trustees, and its purpose is to assist the Board with reviewing and setting recommendations for executive pay as well as overall pay considerations for all employees.

Trustee	Meetings Attended	Out of a Possible
S Rayatt (Chair)	2	2
M Singh	2	2
H Brar	1	1
N Kandola	1	1

Nick Kandola – (resigned 11th October 2021)

Personnel Committee

The Personnel committee is a sub-committee of the Board of Trustees and its purpose is to ensure that the Trust:

- Has updated HR policies and procedures that are compliant with statutory and legal requirements and best practice;
- To review the staffing structure and pay scales of the schools and make recommendations to the Trust

THE KHALSA ACADEMIES TRUST LIMITED
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Board on any proposed changes, as appropriate;

- Undertake annual regular review of staff wellbeing and the effectiveness of staff recruitment and retention strategies and policies;
- To ensure that succession planning for staffing and governance within the Trust is being considered by management;
- To review and recommend to the Trust Board staff cost budgets and proposed pay increases;
- Annual review of the performance management process of the Trust and review of pay progression decisions;
- Have oversight of any casework that has associated financial risks, legal employment related claims and adverse publicity for the Trust.

Trustee	Meetings Attended	Out of a Possible
H Brar (Chair)	3	3
S Rayatt	3	3
M Singh	3	3
A Notta	2	2

Faith and Ethos Committee

The Faith and Ethos Committee is a sub-committee of the Board of Trustees and its purpose to ensure that the distinctiveness and effectiveness of the Sikh faith within the Trust Schools is maintained and enhanced.

Trustee	Meetings Attended	Out of a Possible
S Rayatt (Chair)	2	2
M Singh	2	2
H Brar	0	2
A Notta	2	2

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to receive financial monitoring reports from individual academies and consider individual Academy budget proposals for authorisation. The committee was established in January 2020. The Committee also

- monitor the integrity of the financial statements;
- review internal financial controls and review the Academy's internal control and risk management systems;
- make recommendations to the Trustees/Members in relation to the appointment, re appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor; and
- review the auditor's independence and objectivity.

No significant issues to note were dealt with during the period.

Trustee	Meetings Attended	Out of a Possible
M Singh (Chair)	6	6
A Maan	5	6
K Dua	6	6
A Mahmood	4	6
A Notta	3	3

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As accounting officer, the chief executive 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:

- Retendering large contracts which included cleaning
- Ensuring competitive quotes for large purchases were sought
- Using DFE Procurement frameworks such as utility services and general school supplies
- Joining the Pelican Purchasing Consortium for in house catering purchasing requirements
- Consolidating suppliers across its schools and using online purchasing portals

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Academies Trust for the period 1 September 2021 to 31 August 2022 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 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The 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 FARCOM and reported upon to the Board of Trustees for approvals as required.
- regular reviews by the Finance, Audit and Risk 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; and
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has appointed an external specialist firm of Accountants, TIAA as the internal auditors for the Trust.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included the Testing

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

of Key Financial Controls as outlined below as well as a separate Trust level Risk Management review:

- testing of payroll systems
- testing of purchase systems, fixed asset purchases and creditors
- testing of balance sheet control accounts/ bank reconciliations
- testing of income, debtors, capital claims and VAT returns

The aim of the annual review process is to ensure there are effective and efficient system/processes in place and that the information generated is accurate and complete. The review focused on- Payroll, Purchases, Capital Expenditure, VAT, Income, Debtors and Creditors, Bank Reconciliations, Credit Cards & Expense Claims, Balance Sheet Control Account and Management Reporting.

The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the internal audit planning memos.

On an annual basis, the internal auditor reports to the Board of Trustees, through the Finance, Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Board can confirm that the internal auditor has delivered their schedule of work as planned, provided details of any material control issues arising as a result of their work. During the current and previous period, there were no material control issues noted and thus no remedial action was required to be taken.

Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor/reviewer;
- the Finance, Audit and Risk Committee
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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, Audit and Risk 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 on 13 December 2022 and signed on their behalf by:



Shaminder Rayatt
Chair of Trustees



Anita Notta
Accounting Officer

THE KHALSA ACADEMIES TRUST LIMITED
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Khalsa Academies Trust Limited I have considered my responsibility to notify the Academy Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academy Trust Handbook 2021.

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.



Anita Notta
Accounting Officer
Date: 13 December 2022

THE KHALSA ACADEMIES TRUST LIMITED
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees (who 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 Academies Accounts Direction published by the Education and Skills Funding 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 of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 with 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 13 December 2022 and signed on its behalf by:



Shaminder Rayatt
Chair of Trustees

THE KHALSA ACADEMIES TRUST LIMITED
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
KHALSA ACADEMIES TRUST LIMITED**

Opinion

We have audited the financial statements of The Khalsa Academies Trust Limited (the 'academy') for the year ended 31 August 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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 2019 and the Academies Accounts Direction 2021 to 2022 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's affairs as at 31 August 2022 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 2019 and the Academies Accounts Direction 2021 to 2022 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

THE KHALSA ACADEMIES TRUST LIMITED
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
KHALSA ACADEMIES TRUST LIMITED (CONTINUED)**

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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 including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' 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 Statement of trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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'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 or to cease operations, or have no realistic alternative but to do so.

THE KHALSA ACADEMIES TRUST LIMITED
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
KHALSA ACADEMIES TRUST LIMITED (CONTINUED)**

Auditors' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the nature of the industry and its control environment, and reviewed the academy's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities. We obtained an understanding of the legal and regulatory framework that the academy's operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

THE KHALSA ACADEMIES TRUST LIMITED
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
KHALSA ACADEMIES TRUST LIMITED (CONTINUED)**

Use of our report

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

 FOR LANDAU BAKER LIMITED

Carly Pinkus (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditor

Mountcliff House
154 Brent Street
London
NW4 2DR

13 December 2022

THE KHALSA ACADEMIES TRUST LIMITED
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE KHALSA ACADEMIES TRUST LIMITED AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 1 July 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Khalsa Academies Trust Limited during the year 1 September 2021 to 31 August 2022 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 The Khalsa Academies Trust Limited and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Khalsa Academies Trust Limited 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 The Khalsa Academies Trust Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Khalsa Academies Trust Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Khalsa Academies Trust Limited's funding agreement with the Secretary of State for Education dated 25 March 2015 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 year 1 September 2021 to 31 August 2022 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- review of management reporting documents.
- review of Trustees/Governors meeting minutes.
- confirming compliance with the Academy Trust's Scheme of Delegation.
- compliance with delegated authorities.
- consideration of whether any personal benefit has been derived from the Academy Trust's transactions by staff or related parties.
- adherence to tendering policies.

THE KHALSA ACADEMIES TRUST LIMITED
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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE KHALSA
ACADEMIES TRUST LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Landau Baker Limited

**Reporting Accountant
Landau Baker Limited**

Chartered Accountants
Statutory Auditor

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 13 December 2022

THE KHALSA ACADEMIES TRUST LIMITED
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022**

	Unrestricted funds 2022	Restricted funds 2022	Restricted fixed asset funds 2022	Total funds 2022	Total funds 2021	
Note	£	£	£	£	£	
Income from:						
Donations and capital						
grants	3	1,848	-	83,454	85,302	193,384
Other trading activities	5	611,673	-	-	611,673	305,638
Investments	6	137	-	-	137	141
Charitable activities	4	-	11,614,197	-	11,614,197	11,201,296
Assets transferred out of trust	27	-	214,000	(18,361,678)	(18,147,678)	-
Total income		613,658	11,828,197	(18,278,224)	(5,836,369)	11,700,459
Expenditure on:						
Charitable activities	8	428,077	11,409,881	1,453,995	13,291,953	13,437,206
Total expenditure		428,077	11,409,881	1,453,995	13,291,953	13,437,206
Net income/(expenditure)		185,581	418,316	(19,732,219)	(19,128,322)	(1,736,747)
Transfers between funds	17	-	(115,931)	115,931	-	-
Net movement in funds before other recognised gains/(losses)		185,581	302,385	(19,616,288)	(19,128,322)	(1,736,747)
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	23	-	522,000	-	522,000	(103,000)
Net movement in funds		185,581	824,385	(19,616,288)	(18,606,322)	(1,839,747)
Reconciliation of funds:						
Total funds brought forward		(227,726)	(54,987)	71,401,052	71,118,339	72,958,086
Net movement in funds		185,581	824,385	(19,616,288)	(18,606,322)	(1,839,747)
Total funds carried forward		(42,145)	769,398	51,784,764	52,512,017	71,118,339

The Statement of financial activities includes all gains and losses recognised in the year.

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REGISTERED NUMBER: 07549443

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	51,784,764	71,401,052
		<u>51,784,764</u>	<u>71,401,052</u>
Current assets			
Debtors	15	222,259	306,156
Cash at bank and in hand		1,268,527	959,595
		<u>1,490,786</u>	<u>1,265,751</u>
Creditors: amounts falling due within one year	16	(738,533)	(928,464)
Net current assets		<u>752,253</u>	<u>337,287</u>
Total assets less current liabilities		<u>52,537,017</u>	<u>71,738,339</u>
Net assets excluding pension liability		<u>52,537,017</u>	<u>71,738,339</u>
Defined benefit pension scheme liability	23	(25,000)	(620,000)
Total net assets		<u><u>52,512,017</u></u>	<u><u>71,118,339</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	17	51,784,764	71,401,052
Restricted income funds	17	794,398	565,013
		<u>52,579,162</u>	<u>71,966,065</u>
Restricted funds excluding pension asset	17	52,579,162	71,966,065
Pension reserve	17	(25,000)	(620,000)
Total restricted funds	17	<u>52,554,162</u>	<u>71,346,065</u>
Unrestricted income funds	17	<u>(42,145)</u>	<u>(227,726)</u>
Total funds		<u><u>52,512,017</u></u>	<u><u>71,118,339</u></u>

The financial statements on pages 25 to 53 were approved by the Trustees, and authorised for issue on 13 December 2022 and are signed on their behalf, by:

Shaminder Rayatt
Chair of Trustees

The notes on pages 28 to 53 form part of these financial statements.

THE KHALSA ACADEMIES TRUST LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash provided by operating activities	19	424,726	87,519
Cash flows from investing activities			
	20	(115,794)	(49,581)
Change in cash and cash equivalents in the year			
		308,932	37,938
Cash and cash equivalents at the beginning of the year		959,595	921,657
Cash and cash equivalents at the end of the year	21, 22	1,268,527	959,595

The notes on pages 28 to 53 form part of these financial statements

THE KHALSA ACADEMIES TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 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 Academy 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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

• **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Academy has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Academy, can be reliably measured.

• **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 year is deducted from income and recognised as a liability.

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

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FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

1.3 Income (continued)

• **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.

1.4 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 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's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

Assets costing £500 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 and assets under construction, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

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1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Long-term leasehold land	- 125 years
Long-term leasehold buildings	- 50 years
Fixtures, fittings and equipment	- 10 years
Computer equipment	- 5 years
Motor vehicles	- 4 years

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

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.10 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

1.11 Pensions

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

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 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy 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.

The Scottish Widows group personal pension scheme contributions are recognised in the period to which they relate.

1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

2. Critical accounting estimates and areas of judgment

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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.

3. Income from donations and capital grants

	Unrestricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	1,848	-	1,848	6,470
Capital Grants	-	83,454	83,454	186,914
	<u>1,848</u>	<u>83,454</u>	<u>85,302</u>	<u>193,384</u>
Total 2021	<u>6,470</u>	<u>186,914</u>	<u>193,384</u>	

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4. Funding for the Academy's charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	10,494,319	10,494,319	9,522,008
Other DfE/ESFA grants				
Start up grants	-	134,000	134,000	147,500
Pupil premium	-	330,244	330,244	420,737
Others	-	358,329	358,329	601,749
	-	11,316,892	11,316,892	10,691,994
Other Government grants				
Local authority grants	-	297,305	297,305	184,378
	-	297,305	297,305	184,378
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	-	-	87,520
Other DfE/ESFA COVID-19 funding	-	-	-	237,404
	-	-	-	324,924
	-	11,614,197	11,614,197	11,201,296
	-	11,614,197	11,614,197	11,201,296

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

5. Income from other trading activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Lettings Income	74,417	-	74,417	17,422
Trip Income	27,737	-	27,737	14,474
Other Income	140,177	-	140,177	53,621
Catering Income	335,866	-	335,866	132,382
Transport Income	33,476	-	33,476	86,597
Insurance	-	-	-	1,142
	<u>611,673</u>	<u>-</u>	<u>611,673</u>	<u>305,638</u>
Total 2021	<u>304,496</u>	<u>1,142</u>	<u>305,638</u>	

6. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Investment income	137	137	141
	<u>137</u>	<u>137</u>	<u>141</u>
Total 2021	<u>141</u>	<u>141</u>	

7. Expenditure

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £	Total 2021 £
Charitable activities:					
Direct costs	7,320,702	1,219,519	1,223,756	9,763,977	10,238,266
Allocated support costs	1,849,338	817,383	861,255	3,527,976	3,198,940
	<u>9,170,040</u>	<u>2,036,902</u>	<u>2,085,011</u>	<u>13,291,953</u>	<u>13,437,206</u>
Total 2021	<u>9,007,812</u>	<u>2,295,420</u>	<u>2,133,974</u>	<u>13,437,206</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

8. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Educational Activities	9,763,977	3,527,976	13,291,953	13,437,206
Total 2021	10,238,266	3,198,940	13,437,206	

Analysis of direct costs

	Charitable activities 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	6,803,206	6,803,206	6,834,212
Depreciation	1,453,995	1,453,995	1,928,662
Educational supplies	369,551	369,551	198,296
Examination fees	116,733	116,733	79,185
Staff development	36,133	36,133	26,547
Educational consultancy	215,593	215,593	280,925
Other direct costs	89,609	89,609	147,272
Recruitment and support	77,034	77,034	135,810
Technology costs	84,627	84,627	67,202
Teaching supply costs	517,496	517,496	540,155
	9,763,977	9,763,977	10,238,266
Total 2021	10,238,266	10,238,266	

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Charitable activities 2022 £	Total funds 2022 £	Total funds 2021 £
Pension finance costs	7,000	7,000	6,000
Staff costs	1,622,954	1,622,954	1,531,248
Non cash pension costs	134,000	134,000	80,000
Maintenance of premises and equipment	180,399	180,399	189,300
Cleaning	236,279	236,279	215,916
Rates	75,739	75,739	125,339
Insurance	46,657	46,657	47,705
Catering	275,952	275,952	170,833
Other support costs	373,780	373,780	336,671
Energy	278,309	278,309	153,564
Governance costs	33,516	33,516	37,853
Technology costs	44,861	44,861	40,980
Other staff costs	5,033	5,033	6,708
Professional services	121,113	121,113	234,626
Support staff supply costs	92,384	92,384	22,197
	3,527,976	3,527,976	3,198,940

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2022 £	2021 £
Operating lease rentals	8,151	4,275
Depreciation of tangible fixed assets	1,453,995	1,928,662
Fees paid to auditors for:		
- audit	11,000	10,525
- other services	7,055	1,660

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2022	2021
	£	£
Wages and salaries	6,608,312	6,595,766
Social security costs	696,188	657,249
Pension costs	1,121,660	1,112,445
	8,426,160	8,365,460
Agency staff costs	609,880	562,352
Non cash pension costs	134,000	80,000
	9,170,040	9,007,812

b. Staff numbers

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

	2022	2021
	No.	No.
Teachers	118	110
Administration and support	93	87
Management	6	6
	217	203

c. Higher paid staff

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

	2022	2021
	No.	No.
In the band £60,001 - £70,000	3	7
In the band £70,001 - £80,000	3	3
In the band £80,001 - £90,000	1	3
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	1	-

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff (continued)

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £570,296 (2021 - £639,843).

11. Central services

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

- Finance
- Accounting
- Reporting and Compliance
- IT and HR management
- Educational support
- Site/facilities support
- Marketing & website development/maintenance

The Academy charges for these services on the following basis:

A fixed percentage amount of total income agreed as part of the Budget approval process and was based on the anticipated level of time & resources required during the year with a year end true up based on actual total income recognised at each school.

The actual amounts charged during the year were as follows:

	2022	2021
	£	£
Atam Academy	336,603	213,734
Khalsa Secondary Academy	137,232	164,890
The Khalsa Academy Wolverhampton	406,461	449,688
Total	880,296	828,312

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2022	2021
		£	£
A K Notta, Chief Executive and Accounting Officer	Remuneration	105,000 -	85,000 -
		110,000	90,000
	Pension contributions paid	25,000 -	5,000 -
		30,000	10,000

During the year ended 31 August 2022, expenses were reimbursed or paid directly to 2 Trustees (2021 - to no Trustees) broken down as follows:

	2022	2021
	£	£
Travel and subsistence	42	-

13. Trustees' and Officers' insurance

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

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14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2021	74,422,520	938,866	2,175,556	40,925	77,577,867
Additions	-	34,267	165,118	-	199,385
Assets transferred out of trust	(19,462,825)	(464,939)	(679,713)	(40,925)	(20,648,402)
At 31 August 2022	<u>54,959,695</u>	<u>508,194</u>	<u>1,660,961</u>	<u>-</u>	<u>57,128,850</u>
Depreciation					
At 1 September 2021	3,887,870	671,000	1,579,965	37,980	6,176,815
Charge for the year	1,183,118	36,401	231,530	2,946	1,453,995
Assets transferred out of trust	(1,244,891)	(371,551)	(629,356)	(40,926)	(2,286,724)
At 31 August 2022	<u>3,826,097</u>	<u>335,850</u>	<u>1,182,139</u>	<u>-</u>	<u>5,344,086</u>
Net book value					
At 31 August 2022	<u>51,133,598</u>	<u>172,344</u>	<u>478,822</u>	<u>-</u>	<u>51,784,764</u>
At 31 August 2021	<u>70,534,650</u>	<u>267,866</u>	<u>595,591</u>	<u>2,945</u>	<u>71,401,052</u>

15. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	63,915	13,686
Other debtors	50,545	53,856
Prepayments and accrued income	107,799	238,614
	<u>222,259</u>	<u>306,156</u>

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16. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	148,355	237,991
Other taxation and social security	142,005	162,269
Other creditors	176,609	312,449
Accruals and deferred income	271,564	215,755
	<u>738,533</u>	<u>928,464</u>
	<u><u>738,533</u></u>	<u><u>928,464</u></u>
	2022	2021
	£	£
Deferred income at 1 September 2021	130,012	198,794
Resources deferred during the year	82,224	130,012
Amounts released from previous periods	(130,012)	(198,794)
	<u>82,224</u>	<u>130,012</u>
	<u><u>82,224</u></u>	<u><u>130,012</u></u>

At the balance sheet date the academy trust was holding funds received in advance for the 2022/23 academic year.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

17. Statement of funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
General Funds - all funds	(227,726)	613,658	(428,077)	-	-	(42,145)
Restricted general funds						
General Annual Grant (GAG)	565,013	10,494,319	(10,149,003)	(115,931)	-	794,398
Pupil premium	-	330,244	(330,244)	-	-	-
Other ESFA funding	-	358,329	(358,329)	-	-	-
LA and other government funding	-	297,305	(297,305)	-	-	-
Start up grants	-	134,000	(134,000)	-	-	-
Pension reserve	(620,000)	214,000	(141,000)	-	522,000	(25,000)
	(54,987)	11,828,197	(11,409,881)	(115,931)	522,000	769,398
Restricted fixed asset funds						
DfE/ESFA capital grants	71,401,052	83,454	(1,453,995)	115,931	-	70,146,442
Assets transferred out of trust	-	(18,361,678)	-	-	-	(18,361,678)
	71,401,052	(18,278,224)	(1,453,995)	115,931	-	51,784,764
Total Restricted funds	71,346,065	(6,450,027)	(12,863,876)	-	522,000	52,554,162
Total funds	71,118,339	(5,836,369)	(13,291,953)	-	522,000	52,512,017

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

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

expenditure incurred in the operation of the academy. The restricted funds can only be used in terms of limitations imposed under the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by other trading activities and reduced by expenditure incurred in the operation of these trading activities.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2022.

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

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General Funds - all funds	(165,830)	350,063	(411,959)	-	-	(227,726)
Restricted general funds						
General Annual Grant (GAG)	461,838	9,522,008	(9,369,111)	(49,722)	-	565,013
Pupil premium	-	420,737	(420,737)	-	-	-
Other ESFA funding	-	562,793	(562,793)	-	-	-
LA and other government funding	-	184,378	(184,378)	-	-	-
Start up grants	-	147,500	(147,500)	-	-	-
Transferred out of trust	-	87,520	(87,520)	-	-	-
Other DfE/ESFA Covid-19 funding	-	237,404	(237,404)	-	-	-
General funds	-	1,142	(1,142)	-	-	-
Pension reserve	(431,000)	-	(86,000)	-	(103,000)	(620,000)
	<u>30,838</u>	<u>11,163,482</u>	<u>(11,096,585)</u>	<u>(49,722)</u>	<u>(103,000)</u>	<u>(54,987)</u>

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17. Statement of funds (continued)

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Restricted fixed asset funds						
DfE/ESFA capital grants	73,093,078	186,914	(1,928,662)	49,722	-	71,401,052
Total Restricted funds	73,123,916	11,350,396	(13,025,247)	-	(103,000)	71,346,065
Total funds	72,958,086	11,700,459	(13,437,206)	-	(103,000)	71,118,339

Total funds analysis by academy

Fund balances at 31 August 2022 were allocated as follows:

	2022 £	2021 £
Khalsa Secondary Academy	-	(665,177)
The Khalsa Academy Wolverhampton	1,102,335	1,741,592
Atam Academy	78,606	(107,667)
Central services	(428,688)	(631,461)
Total before fixed asset funds and pension reserve	752,253	337,287
Restricted fixed asset fund	51,784,764	71,401,052
Pension reserve	(25,000)	(620,000)
Total	52,512,017	71,118,339

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £
Central services	(428,688)

Central services has been restructured to reduce the headcount and related staffing costs as well as additional savings in the other central spend/services which has been in place for the start of the academic year to ensure that central services generates surpluses each year to reduce the cumulative deficit and return to a break even position in the next 3 -5 years.

Atam Academy now generated a surplus for FY 21-22 which has returned the school to a cumulative surplus position by the end of the academic year 21-22.

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17. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2022 £	Total 2021 £
Khalsa Secondary Academy	1,501,531	211,939	285,516	454,902	2,453,888	3,625,884
The Khalsa Academy Wolverhampton	2,968,323	603,325	352,399	979,509	4,903,556	4,004,823
Atam Academy	2,735,533	676,967	188,272	1,107,508	4,708,280	3,822,947
Central services	115,315	357,107	163,093	17,015	652,530	883,202
Consolidation adjustment	-	-	-	(880,296)	(880,296)	(828,312)
Academy	7,320,702	1,849,338	989,280	1,678,638	11,837,958	11,508,544

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	51,784,764	51,784,764
Current assets	(42,145)	1,532,931	-	1,490,786
Creditors due within one year	-	(738,533)	-	(738,533)
Provisions for liabilities and charges	-	(25,000)	-	(25,000)
Total	(42,145)	769,398	51,784,764	52,512,017

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18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	71,401,052	71,401,052
Current assets	(227,726)	1,493,477	-	1,265,751
Creditors due within one year	-	(928,464)	-	(928,464)
Provisions for liabilities and charges	-	(620,000)	-	(620,000)
Total	<u>(227,726)</u>	<u>(54,987)</u>	<u>71,401,052</u>	<u>71,118,339</u>

19. Reconciliation of net expenditure to net cash flow from operating activities

	2022 £	2021 £
Net expenditure for the year (as per Statement of financial activities)	<u>(19,128,322)</u>	<u>(1,736,747)</u>
Adjustments for:		
Depreciation	1,453,995	1,928,662
Capital grants from DfE/ESFA	(83,454)	(186,914)
Interest receivable	(137)	(141)
Defined benefit pension scheme obligation on transfer out from trust	(214,000)	-
Defined benefit pension scheme cost less contributions payable	134,000	80,000
Defined benefit pension scheme finance cost	7,000	6,000
Decrease in debtors	83,897	84,640
Decrease in creditors	(189,931)	(87,981)
Fixed assets transferred out of trust	18,361,678	-
Net cash provided by operating activities	<u>424,726</u>	<u>87,519</u>

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20. Cash flows from investing activities

	2022 £	2021 £
Dividends, interest and rents from investments	137	141
Purchase of tangible fixed assets	(199,385)	(236,636)
Capital grants from DfE Group	83,454	186,914
Net cash used in investing activities	(115,794)	(49,581)

21. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand and at bank	1,268,527	959,595
Total cash and cash equivalents	1,268,527	959,595

22. Analysis of changes in net debt

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	959,595	308,932	1,268,527
	959,595	308,932	1,268,527

**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the respective local authorities of the academies listed in the Trustee's Report. Both are multi-employer defined benefit schemes.. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 August 2022.

Contributions amounting to £103,007 were payable to the schemes at 31 August 2022 (2021 - £108,519) and are included within creditors.

Teachers' Pension Scheme

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. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the year amounted to £946,766 (2021 - £941,509).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

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 2022 was £87,000 (2021 - £81,000), of which employer's contributions totalled £67,000 (2021 - £62,000) and employees' contributions totalled £20,000 (2021 - £19,000). The agreed contribution rates for future years are 20.5% - 22.8% per cent for employers and 5.5% - 9.9% per cent for employees.

As described in note 1.10 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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

Principal actuarial assumptions

Buckinghamshire Pension Fund

	2022	2021
	%	%
Rate of increase in salaries		3.85
Rate of increase for pensions in payment/inflation		2.85
Discount rate for scheme liabilities		1.70

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

	2022	2021
	Years	Years
Retiring today		
Males		21.9
Females		25.2
Retiring in 20 years		
Males		23.3
Females		26.6

West Midlands Pension Fund

	2022	2021
	%	%
Rate of increase in salaries	4.05	3.85
Rate of increase for pensions in payment/inflation	3.05	2.85
Discount rate for scheme liabilities	4.25	1.70

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

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23. Pension commitments (continued)

	2022	2021
	Years	Years
Retiring today		
Males	21.2	22.0
Females	23.6	24.2
Retiring in 20 years		
Males	22.9	23.9
Females	25.4	26.1
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London Borough of Redbridge Pension Fund		
	2022	2021
	%	%
Rate of increase in salaries	3.05	2.90
Rate of increase for pensions in payment/inflation	3.05	2.90
Discount rate for scheme liabilities	4.25	1.65
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The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2022	2021
	Years	Years
Retiring today		
Males	21.6	21.8
Females	24.0	24.2
Retiring in 20 years		
Males	22.7	23.0
Females	25.8	26.0
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Share of scheme assets

The Academy's share of the assets in the scheme was:

	At 31	At 31 August
	August 2022	2021
	£	£
Equities	318,000	366,000
Gilts	-	42,000
Corporate bonds	32,000	67,000
Property	63,000	45,000
Cash and other liquid assets	18,000	15,000
Other	23,000	64,000
Total market value of assets	454,000	599,000
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**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

The actual return on scheme assets was £(21,000) (2021 - £80,000).

The amounts recognised in the Statement of financial activities are as follows:

	2022 £	2021 £
Current service cost	(201,000)	(142,000)
Interest income	8,000	8,000
Interest cost	(15,000)	(14,000)
Total amount recognised in the Statement of financial activities	(208,000)	(148,000)

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

	2022 £	2021 £
At 1 September	1,219,000	872,000
Transferred out on existing academies leaving the trust	(417,000)	-
Current service cost	201,000	142,000
Interest cost	15,000	14,000
Employee contributions	20,000	19,000
Actuarial (gains)/losses	(551,000)	183,000
Benefits paid	-	(11,000)
At 31 August	487,000	1,219,000

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2022 £	2021 £
At 1 September	599,000	441,000
Transferred out on existing academies leaving the trust	(203,000)	-
Interest income	-	8,000
Actuarial (losses)/gains	(29,000)	80,000
Employer contributions	67,000	62,000
Employee contributions	20,000	19,000
Benefits paid	-	(11,000)
At 31 August	454,000	599,000

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24. Operating lease commitments

At 31 August 2022 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	8,151	4,275
Later than 1 year and not later than 5 years	-	1,425
	<u>8,151</u>	<u>5,700</u>

25. 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.

26. Related party transactions

Owing to the nature of the Academy 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period account, other than certain trustees' remuneration and expenses already disclosed in note 12.

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27. Transfer out on academies leaving the academy

Khalsa Secondary Academy

	Transfer out on academy leaving the trust £
Tangible fixed assets	
Long-term leasehold property	(18,217,934)
Furniture and equipment	(93,389)
Computer equipment	(50,355)
Pensions	
Pensions - pension scheme assets	(203,000)
Pensions - pension scheme liabilities	417,000
Net liabilities	<u><u>(18,147,678)</u></u>