

**COMPANY REGISTRATION NUMBER 07549443**

**THE KHALSA ACADEMIES TRUST LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
31 AUGUST 2019**

**The Khalsa Academies Trust Limited**  
**Reference and administrative details for the year ending 31<sup>st</sup> August 2019**

**Members**

I Anderson  
J Morgan (resigned 9<sup>th</sup> Dec 2019)  
T S Rai  
I S Uppal (appointed 21<sup>st</sup> November 2019)  
M S Pangali (appointed 19<sup>th</sup> December 2019)  
Professor Iqbal Singh (appointed 19<sup>th</sup> December 2019)

**Trustees and Directors**

I S Uppal (Chairman)  
N S Kandola (Chief Executive and Accounting Officer)  
J Morgan (resigned 9<sup>th</sup> Dec 2019)  
J Docherty (removed 19<sup>th</sup> December 2019)  
Ms K Kaur Mann (resigned 16<sup>th</sup> December 2019)  
T S Palray (term ended 3<sup>rd</sup> Sept 2019)  
M Singh (appointed 24<sup>th</sup> Oct 2019)  
Ms S Rayatt (appointed 19<sup>th</sup> Dec 2019)  
Dr J Mitchell-Hedges (appointed 19<sup>th</sup> Dec 2019)

**Secretary**

N S Kandola

**Senior management team**

S S Basra – Director of Finance  
M S Kaley – Director of Estates  
S Piesse – Executive Principal Khalsa Secondary Academy/Atam Academy  
A K Notta – Principal The Khalsa Academy Wolverhampton

**Registered Office**

Hollybush Hill  
Stoke Poges  
Bucks  
SL2 4QP

**Company Registration Number**

07549443

**Independent Auditor**

Haines Watts  
Old Station House  
Station Approach  
Newport Street  
Swindon, SN1 3DU

**The Khalsa Academies Trust Limited**  
**Reference and administrative details for the year ending 31<sup>st</sup> August 2019**

**Bankers**

Lloyds Bank  
Threadneedle Street  
London

**Solicitors**

Browne Jacobson LLP  
6 Bevis Marks, London EC3A 7BA

**Khalsa Academies Website** [www.khalsaacademiestrust.com](http://www.khalsaacademiestrust.com)

## **The Khalsa Academies Trust Limited Trustees Report for the year ending 31<sup>st</sup> August 2019**

The Trustees present their annual report together with the audited financial statements of the Academy Trust, Khalsa Academies Trust Limited, for period 1 September 2018 to 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report including a strategic report under company law.

The Khalsa Academies Trust is a Multi Academy Trust which supports local communities to help establish and run Sikh Schools. The Trust has three schools that it manages:

- The Khalsa Secondary School in South Bucks which opened in 2013 as a Free School.
- The Khalsa Academy Wolverhampton which opened in 2015 as a Secondary Free School.
- Atam Academy in East London which opened in September 2016 as an All through Free School.

The schools are improving local educational opportunities and parental choice by providing new high-achieving schools.

Its academies have a combined pupil capacity of 2,220 when all year groups are full (excluding 6<sup>th</sup> Form and Nursery) and had a roll of 1,559 in the school census on 5<sup>th</sup> October 2019.

### **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 and are also the directors of the charitable Company for the purposes of company law. The charitable company operates as Khalsa Academies Trust Limited.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2.

#### **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 officers 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 any number of 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.

**The Khalsa Academies Trust Limited**  
**Trustees Report for the year ending 31<sup>st</sup> August 2019**

No new trustees were appointed during this period. When new trustees are to be appointed, the board will agree at that time an appropriate process and criteria for the recruitment based on the skill and capability requirements of the board, governance and good practice for multi academy trusts and the requirements of the company's governing documents. All new trustee posts are advertised on the inspiringthefuture.org service which is run by the Education and Employers service and via Academy Ambassadors.

**Policies and Procedures Adopted for the Induction and Training of Trustees**

Training and induction is tailored to new trustees appropriate to their requirements and previous experience. The Company has adopted an induction policy which provides guidance on access to policies, procedures, minutes, budgets, accounts and other relevant plans and documents that they need to fulfil their role as trustees. Trustees are briefed regularly by the executive team on educational development areas such as DFE policy updates on the Academies Handbook

**Organisational Structure**

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 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.

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 governing bodies and the principals control the academies on a day to day basis. The local governing body for each academy is delegated local governance functions and retains a strong focus on three core strategic functions:

- ensuring clarity of vision, ethos and strategic direction
- holding the principal to account for the educational performance of the academy and its students
- overseeing the financial performance of the academy and making sure money is well spent

**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 and nominations committee whose members comprise three trustees and 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 sets out the responsibility for pay increases for all staff within academies to the Principal and the pay committee.

**The Khalsa Academies Trust Limited**  
**Trustees Report for the year ending 31<sup>st</sup> August 2019**

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

**Related Parties and other Connected Charities and Organisations**

The Khalsa Academies Trust is not part of any other organisation or federation, nor does it have any subsidiaries. The Trust provides financial consultancy services to the Khalsa Science Academy in Leeds, a free school for which it receives a small income. Individual trustees have declared interests where they sit on other charity boards however there are no related party transactions.

**Risk Management**

The trustees are responsible for risk management and for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding public funds and other funds and assets for which it is responsible. The Board has established a Finance & Audit Committee to champion the identification and management of the significant risks faced by the organisation. It meets two times per year or as required and the terms of reference from the Board provide appropriate delegated powers to the Audit committee to fulfil this responsibility. Matters of significance at individual academies are escalated through appropriate procedures to this Committee.

**Objectives and Activities**

Our aim is to become the leading provider of inclusive Sikh schools which have an enviable reputation for academic achievement, breadth of enrichment opportunities set within a spiritual and caring environment.

***Our vision is to create inclusive, outstanding schools based on the Sikh ethos and values that will encourage and inspire our pupils to excel and serve humanity.***

Our vision can be articulated through three key themes:

- We want to create schools that goes 'Beyond Academic Achievement' where we provide an exceptional academic education and encourage a passion for life-long learning where students, staff and parents work together to the best of our abilities with honesty, integrity and self-discipline. This is what we will inspire our students to do.
- Schools where we go 'Beyond the Individual' to ensure that we foster all aspects of personal development and encourage students to take a life-long journey of self-discovery through self-reflection and meditation.
- Schools which inspires students to go 'Beyond Selflessness' where they share their future skills, knowledge and income with those in need, in love and charity and without discrimination.

We aim to create high achieving, non-selective schools which will follow the principles and values of the Sikh ethos. Our schools will be an exemplar schools based upon the Sikh ethos but inclusive to all. Our excellence will be built upon a strong partnership between passionate staff, committed learners, inspiring Governors and dedicated parents.

**The Khalsa Academies Trust Limited**  
**Trustees Report for the year ending 31<sup>st</sup> August 2019**

**Objectives**

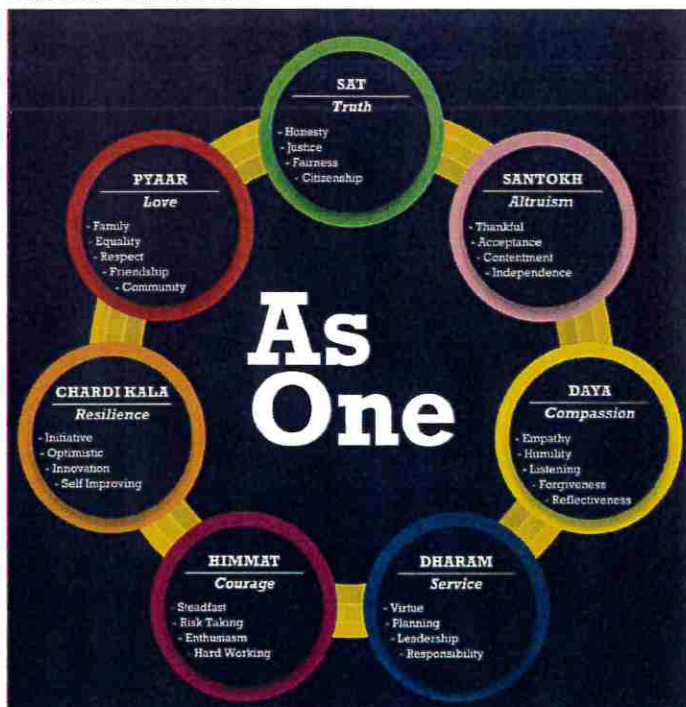
- To be a high performing and nationally recognised Trust
- All schools within the Trust aim to be outstanding within the first three-five years of opening or following an Ofsted inspection
- Outcomes for pupil progress are outstanding and in the top 20% schools nationally
- To be schools of first choice for Sikh and non-Sikh families with strong values and high levels of community engagement
- To have outstanding learning environments and engaging and inspiring pedagogy

The Khalsa Academies Trust (KAT) operates a small number of academies providing high quality publicly funded education for the benefit of students in their respective communities. The trustees understand their responsibilities to deliver this public benefit. Students are at the heart of everything KAT does. All of our students have a right to outstanding education in order to give them the best chances in life. The ethos of KAT is to support and value our students and staff and work closely with the governing bodies of each of the academies. The Sikh ethos of "Seva" is central to our day to day operations both with how students support their local communities and how the academies function.

KAT has successfully opened two Sikh Faith Schools and a Sikh Ethos School. These schools have developed a reputation for high quality education, an aspirational but inclusive Sikh ethos and strong links with the local community. Collectively these schools are proving to be popular with the local families and numbers on roll have exceeded our expectations.

The school's values are Sikh values and are promoted across all of our schools as well as being embedded within the curriculum and our rewards and behavior systems.

These are shown below



The Khalsa Academies Trust Limited  
Trustees Report for the year ending 31<sup>st</sup> August 2019

Key Objectives for 2018/19

Key Priority	What will we do	Status
<b>Maintain High Educational Standards</b>	Achieve a min Good+ Ofsted Inspection for Atam and ensure 100% of external reviews on our schools report they are Good or Outstanding  Overall progress of pupils in each school is at least in line with National Average as a minimum.	GREEN – Atam Academy was rated Outstanding in July 2019 Atam KS1 results were in line with NA
<b>Achieve good pupil recruitment</b>	Atam Nursery for Sep 19 Atam Secondary for Sep 19 KSA Secondary for Sep 19 KSA 6 <sup>th</sup> form for Sep 19 TKAW for Sep 19	GREEN – Pupil numbers exceeded targets in all schools
<b>Estates plan on track for KSA 6<sup>th</sup> form</b>	Ensure that the KSA 6 <sup>th</sup> form build is on track to open in Sep 2020  Maintain our brand new buildings in new state	GREEN
<b>To ensure that the MAT's financial viability is secure, the optimum use of resources, and the generation of sufficient surplus funding to meet development needs.</b>	Achieve a min target of £100k cumulative surplus for 18/19  Ensure ESFA tools are used and reported against to include benchmarking where possible	AMBER Achieved £126k in year Net Income before Transfers between Funds & £66K Net Income after Transfers. Improvement in Cumulative Reserves of £140K excluding impact of Prior Year Adjustment.
<b>Enhance Strength of Board</b>	Recruit additional educational trustees	GREEN Additional trustee recruited with strong risk management background. Independent external scrutiny by newly appointed Ofsted Inspector who chairs the Quality Assurance committee. Recruited two new members
<b>Enhancing the Brand</b>	Continue to produce high quality prospectus, websites and newsletters. Ensure that the Trust and schools are marketed to target audience and stakeholders.	GREEN New prospectuses delivered for Sep 19  Enhanced websites over Summer 19
<b>Recruitment and Retention of high quality staff KAT Growth Plan</b>	Ensure successful recruitment and retention of staff and provide training and support to enhance their skills Ensure 1 new free school bid is successful  Build 1 partnership with another Sikh school.	GREEN/AMBER ATAM/TKAW green KSA Amber Amber Bid submitted but unsuccessful, New bid submitted in Oct 2019 SEVA school likely to be approved to join KAT in 2020



**The Khalsa Academies Trust Limited**  
**Trustees Report for the year ending 31<sup>st</sup> August 2019**

**Public Benefit**

The Academy Trust is a charity that exists to provide free education to all the pupils in its care.

The Trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

**Strategic Report**

**Achievements and Performance and Key Performance Indicators:**

**Summary**

KPI	Khalsa Secondary Academy	Khalsa Academy Wolverhampton	Atam Academy
Ofsted Grade	Good	Good	Outstanding
GCSE Results P8	+0.42	Forecast +0.5 (2020)	N/A
KS1 Results	NA	NA	In line with National Average
Pupil Numbers	Good (at PAN)	Exceeding PAN	Exceeding PAN
Average Pupil Attendance	96%	96%	97%

**1. Khalsa Secondary Academy, Stoke Poges**

Khalsa Secondary Academy (KSA) is the most established school in the Trust. Opened in 2013 it has grown to a school population of just over 523 and numbers for this year's 7 is 114 which is the largest in the school. In September 2017 the school received a GOOD rating following the Ofsted inspection. Pupil outcomes for this summer were outstanding placing the school in the top 15% of schools nationally.

Khalsa Secondary Academy is smaller than the average-sized secondary school. During 2018-19 the school engaged with the ESFA and contractors to commence the design phase for the opening of a dedicated sixth form provision. This is due to open in September 2020.

During the year Pioneer House refurbishment was completed and the building handed over to the school. Overall the last three years have been very successful, securing the school site and its expansion, attaining three outstanding sets of GCSE results and improving both pupil and staff recruitment.

Approximately 75% of all students are of Sikhs. More than half the pupils speak English as an additional language.

**KSA GCSE Academic Performance 2017-18**

Measure	2017		2018		2019	
	National	KSA	National	KSA	National	KSA
%5+ EM	52.8%	64.3%	43.3%	47.0%		48.6%
%4+ EM	71%	78.6%	64.2%	74.2%		67.5%
Ebacc 9-5	19.7%	54%	16.7%	15.15%		18.9%
A8	46.9	57.16	43.3	48.06		48.30
P <sup>o</sup>	-0.03	+1.03	-0.02	+0.45		+0.42

**The Khalsa Academies Trust Limited  
Trustees Report for the year ending 31<sup>st</sup> August 2019**

These results are outstanding and placed the school in the top 10-17% of schools nationally on progress made by pupils.

**Careers Guidance**

This impartial, quality dialogue with students and parents is essential for students' success. A careers advisor works with the school twice a week. Students and parents are well supported, events are laid on for students to develop their understanding of the world of work and have a range of individual and group sessions with different employers and higher education institutions.

**2. The Khalsa Academy Wolverhampton**

The Khalsa Academy Wolverhampton (TKAW) opened in September 2014 as a 4 FE secondary school in temporary accommodation. It has developed well and admission numbers have steadily grown over the past 4 years. Currently there are over 600 pupils in the school. This represents very good recruitment at over 100% capacity. Numbers for 2018/19 were very good with an extra bulge class added for 19/20 and the school has a waiting list of 30 pupils. The school is beginning to establish its reputation in with local community and is becoming a school of first choice. A new 6<sup>th</sup> form has been promoted and is opening in Sept 2020. Student numbers look promising.



**School build**

The school was successfully handed over in September 2018 without many defects and the Trust were very happy with the main contractor, Morgan Sindell.

**Ofsted inspection 2018**

TKAW received its first Ofsted Inspection in 2018. Ofsted rated the school **GOOD** in all categories.

**The Khalsa Academies Trust Limited  
Trustees Report for the year ending 31<sup>st</sup> August 2019**

**Academic performance:**

TKAW uses Progress 8 and Attainment 8 as a global figure to track progress as a headline figure, this reflects the national KPIs. The school has aspirational targets to ensure the school aims to achieve +0.5 Progress 8 by the end of Y11. The results below would indicate this is realistic. The data is from current Y11 pupils.

**TKAW Academic Performance 2018-2019 \*Year 11 (Taking GCSEs in 2020).**

## Predicted GCSE Results: 2020\*

Measure	Prediction	National Average	Local Average
Progress 8	+0.5	0	-0.05
Attainment 8	47.0	46.5	44.5
English and Maths 9 – 5	51.6%	43.3	36.5
English and Maths 9 – 4	70%	64.2	57.7
Ebacc 9 – 5	50%	16.7	10.8

Overall assessments for SEND students and disadvantaged pupils show they are making good progress and are beginning to close the gap in performance compared to other pupils. Able and gifted students are also doing well and are being challenged in the core subjects. The degree of monitoring that exists in the core now needs to be duplicated in the foundation subjects.

### **3. Atam Academy, Redbridge**

Atam Academy opened in 2015 and is now an Outstanding rated school with pupils from 3-18. The school has pupils from Reception, Year 1,2 and Year 3 with two forms of entry into the primary phase. There are over 424 children on roll with the Executive Principal and Head of Primary leading the school. The school has successfully recruited for 2019/20 for the nursery, reception and Year 7 students (103 students).

The Khalsa Academies Trust Limited  
Trustees Report for the year ending 31<sup>st</sup> August 2019

Academic Results 2019

End of Key-stage and Phonics Reception, Early Years Foundation Stage

Reception			
	% at expected or above Writing	% at expected or above Reading	% at expected or above Maths
All (58)	83%	88%	83%
Boys (35)	86%	91%	86%
Girls (24)	79%	83%	79%
SEND (3)	67%	67%	67%

KEY STAGE 1 At Expected or Better

	2017			2018			2019		
	School	LA	National	School	LA	National	School	LA	National
Reading		79%	76%	83%	82%	76%	43/59 (72%)	73%	75%
Writing		71%	68%	79%	76%	70%	35/59 (58%)	74%	67%
Maths		79%	75%	90%	81%	76%	44/59 (75%)	79%	73%
SPaG							38/59 (66%)		

KEY STAGE 1 At GDS

	2017			2018			2019		
	School	LA	LA	School	LA	National	School	LA	National
Reading		32%		41%	34%	26%	34/59 (57%)	33%	25%
Writing		19%		31%	21%	16%	9/59 (15%)	14.8%	15%
Maths		26%		48%	30%	22%	33/59 (56%)	29%	21%
SPaG							22/38 (58%)		

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. Specifically, a 3 Year Plan has been approved by the Board of Trustees, including a robust and detailed Financial Projection based on prudent Pupil Number estimates & resourcing/staffing requirements which is now being executed to ensure that the financial position of the Trust continues to improve and delivers financial resilience & sustainability for the long term. 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 Khalsa Academies Trust Limited**  
**Trustees Report for the year ending 31<sup>st</sup> August 2019**

**Principal Risks and Uncertainties**

The principal risks identified by the trustees fall into two main categories which are

1. Financial (pupil Numbers)

There are still certain risks around Pupil Numbers as the schools continue to grow and add Year Groups and the main inherent risks are around the following intakes;

- 6<sup>th</sup> Form commencement in TKAW from 20/21 onwards with 75% retention rate of Y11 Pupils targeted.
- 6<sup>th</sup> Form uptake in KSA from 20/21 onwards, although there has been significantly higher uptake in the second year of 6<sup>th</sup> Form and this is expected to continue to grow organically once the new 6<sup>th</sup> Form Centre is occupied in 20/21.
- Secondary Year Group fill up at Atam Academy from 20/21 onwards although there has been a very encouraging start for the first Year 7 cohort which commenced in 19/20 well above Budget projections.

The schools, Trustees and Local Governing Bodies actively support and engage in local marketing campaigns to drive up further demand for the academies and this is reflected in the strong pupil intake and growth numbers for the start of the 19/20 academic year.

There is also some risk around the level of government funding and whether these levels will take account of pay and pension funding increases in the public sector and general inflation.

2. Recruitment

There is a national shortage of teachers in England and the success of each academy is driven by the recruitment of high quality teaching staff. Due to the physical location of Khalsa Secondary Academy and the uncertainty of the planning decision, recruitment has been more difficult than usual. The trustees have entered a strategic partnership with one of the leading recruitment firms to attempt to find creative solutions to this problem.

**Connected Organisations, including Related Party Relationships**

There are no related parties which either control or significantly influence the decisions and operations of the Academy Trust

**Financial Review**

1. Key Financial Points for the Year 18/19;

- The Trust has reported an In Year Operating Surplus on General Funds (Restricted & Unrestricted) of £66,598 representing 1% of Total Income.
- There has been an In Year Total Capital Spend of £485,282 in relation to Buildings, ICT & FFE Fixed Assets of which £425,778 (88%) has been funded through Capital Grant Claims and the balance of £59,507 funded through General Funds, which is shown as a Transfer between funds on the Statement of Financial Activities.
- The cumulative position on General Funds (Restricted & Unrestricted) is a deficit of £186,568, which is due to a Prior Year Adjustment (PYA) of £(256,607) which is explained in Note 14 to the Accounts and relates to a reclassification of historical capital spend funded by General Funds to the Restricted Fixed Asset Reserves in order to meet the presentation requirements of the Accounts Direction for Academies.
- Reporting in relation to the Statement of Financial Activities (SOFA). Whilst the trustees are responsible for preparing the accounts it should be noted that the Auditors, Haines Watts, have accepted responsibility for this historical classification mistake and presentation within the SOFA and associated notes to the accounts and it has now been fully rectified within the Annual Accounts.

**The Khalsa Academies Trust Limited**  
**Trustees Report for the year ending 31<sup>st</sup> August 2019**

- The Trust has a robust and prudent rolling Three Year Plan in place and the Trust is confident that we will return to a cumulative surplus position on General Funds during the current financial year 2019/20 and thereafter to continue to build up a strong and sustainable level of reserves over the next few years as the schools continue to grow and fill up year groups with the corresponding increases in pupil numbers and related ESFA income.
- 92% of Total Income (2017/18 92%) is derived from ESFA Funding based on pupil numbers with the remaining 8% coming from catering, transport & other self generated income as well as Donations.
- Total staffing costs represent 75% of Total expenditure (2017/18 73%) which is slightly above our KPI targets but is mainly attributable to the higher level of investment in and strengthening of the senior leadership teams (SLT) across the schools as well as a greater level of recruitment of educational support and pastoral staff where needs identified. Overall supply costs remained at 5% of total staffing.

**2.Key Operational Points for the Year 18/19 ;**

- The Khalsa Academy Wolverhampton (TKAW) and Atam Academy successfully moved into its new permanent buildings at the start of 2018/19 academic year and the associated Land & Building Depreciated Replacement Cost (DRC) valuations have now been fully reflected within the 2018/19 Fixed Assets of the Trust.
- Khalsa Secondary Academy (KSA) successfully completed its full refurbishment program during 2018/19 and the associated Land & Building DRC valuations have now been fully reflected within the 2018/19 Fixed Assets of the Trust.

**3.Key Pupil Number Points for the Year 18/19 ;**

- Atam Academy successfully started Nursery provision offering full and part time places for younger children as well as opening an additional Year 3 class due to demand.
- Khalsa Secondary Academy commenced the first year of 6<sup>th</sup> Form with a small cohort, which has grown significantly for the following 2019/20 academic year.
- Both TKAW and Atam Academy achieved almost full subscription to PAN for their respective Year 7 and Reception Class intakes, as well as welcoming pupils into other Year Groups where limited spaces were still available.
- Khalsa Secondary Academy is still below PAN but achieved its best ever intake into Year 7.
- New Pupil intake numbers for 2019/20 have been excellent across the board with additional bulge classes being added in TKAW and Atam due to strong local demand and local authority support in those communities.

**Financial and Risk Management Objectives and Policies**

The Academy Trust has its own Finance policy and a regularly updated risk register.

Similar to other smaller trusts which are still in the growth phase and not yet at maximum capacity, we operate in a challenging financial environment where pension costs and associated liabilities continue to increase with uncertainty regarding future funding levels. Furthermore, we face upward pressures on teacher staffing costs in a highly competitive market for talent as well as upward pressures on utilities and other occupancy costs.

**The Khalsa Academies Trust Limited**  
**Trustees Report for the year ending 31<sup>st</sup> August 2019**

**Reserves Policy**

The Trust held £73,868,291 of funds at the year end which is a significant increase compared to the previous year position and is primarily attributable to the inclusion of the new land and buildings values on a Depreciated Replacement Cost (DRC) valuation basis for all three schools within the Trust.

Of this £74,035,960 represented restricted funds and £167,669 represented a deficit on unrestricted funds (See the Statement of Financial Activities on page 27).

Restricted general reserves are in a small cumulative deficit position of £18,899 at the year end, although it is anticipated that this will return to a reasonable surplus position during 2019/20. Unrestricted general reserves are still in a cumulative deficit position of £167,669 although considerable efforts were made during the year to achieve an in year surplus position of £12,644 on unrestricted funds. The Trust has a three year financial plan in place to resolve this deficit position through significantly increased lettings income and other income generation activities and it is currently projected that the Trust will return to an overall surplus position on General Funds during the 2019/20 financial year.

The Trustees will ensure that, going forward, on a consolidated Multi Academy Trust level, sufficient reserves are held in order to ensure that any delays to receiving the regular monthly funds from the Department for Education do not disrupt the regular outgoing payments required by the school.

**Fundraising**

The Trust and its academies run internally managed fundraising campaigns for school equipment as well as sponsorship opportunities from community businesses, parents and other stakeholders. The Trust does not employ a commercial partner for any of its fundraising activities as this does not align with the ethos of our Sikh values where donations, "daswand" should be coerced.

The fundraising approach agreed by the local governing body was for each academy to communicate directly with its parents and wider community on a local basis and to request donations towards required resources and equipment. Day to day delegation of the fundraising campaigns is with the academy head teacher and all communication for fundraising has to be approved by the head teacher of each academy. All funds collected are made either as a donation to the school's donation bank account or centrally to the Trust's donation account via a cheque payment or an online page such as justgiving. The Trustees are aware of the code of fundraising practice and the risk of fraud and money laundering and therefore do not accept any large cash donation. All funds are centrally deposited and tracked into each bank account. Fundraising amounts are discussed during finance committee meetings as well as Trustee's meetings. There are no costs for any of the fundraising campaigns that were carried out during the year.

All donors are asked to complete a gift aid form with their personal details so where appropriate a gift aid claim can be processed. No volunteers are used for any fundraising activities. The Trust does not have a trading company. A trust wide risk register is regularly reviewed and discussed at the finance and audit committee of the board where any risks to fundraising activities are monitored.

The Trust has an agreed complaints procedure which is accessible, open and transparent and can be found on its website or academies.

**Investment Policy**

The Academy Trust has a formal Investment Policy in place which specifies the level of risk and defined parameters for any investments to be considered, including the authority levels as outlined within the approved Scheme of Delegation. At the present time, it is not anticipated that there will be surplus funds available for longer term investment but short term surplus funds are generally held in interest bearing deposit accounts, with minimal risk, with our main bankers.

**The Khalsa Academies Trust Limited**  
**Trustees Report for the year ending 31<sup>st</sup> August 2019**

**Plans for Future Periods**

The Trust has two Good schools, Khalsa Secondary Academy and Khalsa Academy Wolverhampton (Ofsted reports) and one Outstanding school, the Atam,Academy and is therefore in a strong position.

The Trust has submitted a bid for a new Secondary School in Sandwell, supported by the local community

The Seva School in Coventry, an all-through school with approx. 600 students and submitted an application to the Regional Schools Commissioner for it to join the Khalsa Academies Trust. The Trust is currently undertaking its due diligence and engaging with the school community.

Our short to medium term objectives include:

- To provide an exceptional academic education to all our students.
- Becomes the school of choice for local parents whether Sikh or of another faith or none.
- Achieves an Outstanding Ofsted rating for all our schools.
- To recruit and retain the best quality staff.
- To operate the academies within a Sikh ethos of community service, meditation and honest living.

**Funds Held as Custodian Trustee on Behalf of Others**

There are no funds held on behalf of others.

**Auditor**

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- 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 auditor is aware of that information.

Approved by order of the board of Trustees on and signed on its behalf by:

Signed: .....

**Name: Inder Singh Uppal**  
**Chair of Trustees**

Date.....19/12/19.....



## **The Khalsa Academies Trust Limited 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.

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 Trust and the Secretary of State for Education. The chief executive is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included her supplements that described in the Trustees report and in the statement of Trustees responsibilities.

As described, the Trustees delegate a number of functions to the local governing bodies (LGBs) of each academy. These LGBs meet at least three times per year to govern the affairs of the individual academies. Each LGB has a finance and resources committee which is responsible for monitoring the finances of each academy. Each LGB also has a standards and performance committee which is responsible for monitoring the educational progress and outcomes of all students in each academy.

During the first LGB meeting of the academic year, each academy undertakes a review of its effectiveness comprising an assessment of its past activities, aims and objectives. The results of the review and in particular measures decided on to improve performance are incorporated into the planning cycle.

The information on governance included here supplements that described in the Trustees' report. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of Possible
Inder Singh Uppal, Chair	3	3
N S Kandola, CEO	3	3
J Morgan	2	3
T S Palray	3	3
J Docherty	3	3
K K Lidher	2	3

### **Governance Reviews**

The Regional Schools Commissioner carried out a governance review during 2018 which resulted in the identification of a small number of possible improvements. These improvements were made and reported to the Board of Trustees. The Regional Schools Commissioner has confirmed in October 2018 that they are satisfied with the progress of these actions. The Trust has commissioned a governance review of its structures and scheme of delegation in August 2019 and Trustees are considering the recommendations.

Three sub-committees were operational during this period which included Finance and Audit, Remuneration and Nominations Committee and a Quality Assurance Committee . These sub committees met a minimum of twice during the year.

**The Khalsa Academies Trust Limited**  
**Trustees Report for the year ending 31<sup>st</sup> August 2019**

**Finance and Audit Sub-Committee**

The Finance and Audit sub-committee is a sub-committee of the Board of Trustees and its purpose is to assist the Board with financial oversight and performance.

	Meetings attended	Out of Possible
N S Kandola	3	3
M S Kaley	3	3
S S Basra	3	3
T S Palray	3	3
I Anderson, Chair	3	3

**Remuneration and Nominations Sub-Committee**

The Remuneration and Nominations sub-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 bands for all employees.

	Meetings attended	Out of Possible
N S Kandola	1	1
J Docherty	1	1
K K Lidher	1	1
J Morgan	1	1

**Quality Assurance Sub-Committee**

	Meetings attended	Out of Possible
N S Kandola	2	2
T S Palray	2	2
J Morgan	2	2
A Sherri Independent Chair	2	2

**Review of Value for Money**

As accounting officer, the CEO has responsibility for ensuring that the academies 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 academies' 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 trust follows its financial policy for all procurement of products and services and during this financial period, no purchases for goods or services exceeding the tender limit were procured. The five-year contract for the supply of ICT products and services was tendered in 2014 through the DFE/EFA approved framework.

The Trust has demonstrated its ability to adhere to the value for money principle by undertaking the following actions during the course of the year;

- Moving from our existing utility suppliers in 2 of our schools to the beneficial Framework rates negotiated by Crown Commercial Services.
- Under the Deals for Schools program, setting up new supplier relationships for office supplies and educational resources with the recommended providers.
- Moving existing supplier accounts for general supplies to online accounts to obtain better online pricing.
- Performing detailed benchmarking during the year on a regional and national basis, including Kerston benchmarking to ensure that individual schools and Trust overall is in line with such benchmarks particularly in relation to different spend categories.

**The Khalsa Academies Trust Limited  
Trustees Report for the year ending 31<sup>st</sup> August 2019**

**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 ongoing process designed to identify and prioritise the risks to the achievement of the Khalsa Academies 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 the Khalsa Academies Trust for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Khalsa Academies 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 ongoing process for identifying, evaluating and managing the Trust Academies significant risks.

**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 governing body;
- regular reviews by the Finance & Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

An external review of the internal core financial systems and processes was commissioned by the audit committee during the prior year and carried out by an Mazars, an external auditor. Assurances were provided that there were no high or medium risks present. During the year, a higher level limited review of the existing internal controls, segregation of duties and processes in place was performed by an experienced member of the Audit Committee with a few low risk recommendations already actioned and implemented. The Audit Committee is in the process of tendering for and appointing a specialist external firm to provide annual internal audit services commencing in 2019/20.

**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 audit committee
- the work of the external auditors
- the financial management and governance self – assessment process
- other explicit review/assurance mechanisms
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the board of trustees on 19 December 2018 and signed on its behalf by:



.....  
Inder Singh Uppal  
Chair of Trustees



.....  
Nick Singh Kandola  
Accounting Officer

**The Khalsa Academies Trust Limited**  
**Statement On Regularity, Propriety And Compliance**

As accounting officer of Khalsa Academies Trust Limited I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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



.....

**Nick Singh Kandola**  
**Accounting officer**

**The Khalsa Academies Trust Limited**  
**Statement Of Governors' Responsibilities**

The trustees (who act as governors of Khalsa Academies Trust Limited and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report and Directors' Report) and the financial statements in accordance with Academies Accounts Direction published by ESFA, 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 the incoming resources and application of resources, including its income and expenditure. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and 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 operation.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education and Skills Funding Agency and Department for Education 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 Governing Body on and signed on its behalf by



.....  
**Inder Singh Uppal**  
**Chair of Trustees**

## **The Khalsa Academies Trust Limited**

### **Independent Auditor's Report to the members of The Khalsa Academies Trust Limited**

We have audited the financial statements of Khalsa Academies Trust Limited (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, Balance, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

**The Khalsa Academies Trust Limited**  
**Independent Auditor's Report to the members of The Khalsa Academies Trust Limited**

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 22, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.



**The Khalsa Academies Trust Limited**

**Independent Auditor's Report to the members of The Khalsa Academies Trust Limited**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of the Report**

This report is made solely to the academy trust'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 trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Susan Plumb ACA*

Susan Plumb Senior Statutory Auditor  
For and on behalf of Haines Watts, Statutory Auditor  
Old Station House  
Station Approach  
Newport Street  
Swindon  
SN1 3DU

Date *20/12/19*

## **Independent Reporting Accountant's Assurance Report on Regularity to The Khalsa Academies Trust Limited and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 28 April 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Khalsa Academies Trust Limited during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Khalsa Academies Trust 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 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 and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Khalsa Academies Trust's funding agreement with the Secretary of State for Education dated 25 March 2015 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

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

The work undertaken to draw our conclusions includes:

- consideration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance
- review of minutes which may be relevant to regularity
- consideration of discussions with key personnel
- substantive testing of individual transactions

### **Conclusion**

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

*Haines Watts*

Haines Watts  
Reporting Accountant  
For and on behalf of Haines Watts, Chartered Accountants

Date *20/12/19*

**The Khalsa Academies Trust Limited**  
**Statement of Financial Activities for the year ended 31 August 2019**  
**(including Income and Expenditure Account)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Reserve £	Restricted Fixed Asset Funds £	Total 2019 £	Restated Total 2018 £
<b>Income from:</b>							
Donations and capital grants	2	33,742	-	-	72,137,580	72,171,322	888,158
<i>Charitable activities:</i>							
Funding for the academy trust's educational operation	5	-	6,284,213	-	-	6,284,213	4,875,177
Investments	3	4,062	-	-	-	4,062	3,081
Other trading income	4	478,201	-	-	-	478,201	402,299
<b>Total</b>		<b>516,005</b>	<b>6,284,213</b>	<b>-</b>	<b>72,137,580</b>	<b>78,937,798</b>	<b>6,168,715</b>
<b>Expenditure on:</b>							
Raising funds	6	503,361	-	-	-	503,361	484,247
<i>Charitable activities:</i>							
- Academy trust's educational operations	6	-	6,170,752	44,000	1,385,352	7,600,104	5,347,779
<b>Total</b>		<b>503,361</b>	<b>6,170,752</b>	<b>44,000</b>	<b>1,385,352</b>	<b>8,103,465</b>	<b>5,832,026</b>
<b>Net income/(expenditure)</b>		<b>12,644</b>	<b>113,461</b>	<b>(44,000)</b>	<b>70,752,228</b>	<b>70,834,333</b>	<b>336,690</b>
Transfers between funds		-	(59,507)	-	59,507	-	-
<b>Net income/(expenditure) for the year</b>		<b>12,644</b>	<b>53,954</b>	<b>(44,000)</b>	<b>70,811,735</b>	<b>70,834,333</b>	<b>336,690</b>
<b>Other recognised gains and losses</b>							
Actuarial gains/(losses) on defined benefit pension schemes	19	-	-	(86,000)	-	(86,000)	76,000
<b>Net movement in funds</b>		<b>12,644</b>	<b>53,954</b>	<b>(130,000)</b>	<b>70,811,735</b>	<b>70,748,333</b>	<b>412,690</b>
<b>Funds brought forward 1 September 2018</b>		<b>(180,313)</b>	<b>183,754</b>	<b>(192,000)</b>	<b>3,235,000</b>	<b>3,046,441</b>	<b>2,707,268</b>
<b>Prior Year Adjustment</b>	14	<b>-</b>	<b>(256,607)</b>	<b>-</b>	<b>330,124</b>	<b>73,517</b>	<b>-</b>
<b>Funds brought forward restated</b>		<b>(180,313)</b>	<b>(72,853)</b>	<b>(192,000)</b>	<b>3,565,124</b>	<b>3,119,958</b>	<b>2,707,268</b>
<b>Funds carried forward at 31 August 2019</b>	14	<b>(167,669)</b>	<b>(18,899)</b>	<b>(322,000)</b>	<b>74,376,859</b>	<b>73,868,291</b>	<b>3,119,958</b>

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

**The Khalsa Academies Trust Limited**  
**Balance Sheet as at 31 August 2019**

	Notes	2019 £	Restated 2018 £
<b>Fixed assets</b>			
Tangible assets	10	74,376,859	3,565,124
<b>Current assets</b>			
Stock	11	-	-
Debtors	12	343,454	439,942
Cash at bank and in hand		890,138	757,626
		<u>1,233,592</u>	<u>1,197,568</u>
<b>Creditors: Amounts falling due within one year</b>	13	1,420,160	1,450,734
<b>Net current (liabilities)/assets</b>		<u>(186,568)</u>	<u>(253,166)</u>
<b>Total assets excluding pension liability</b>		74,190,291	3,311,958
Pension liability	19	(322,000)	(192,000)
<b>Net assets including pension liability</b>		<u>73,868,291</u>	<u>3,119,958</u>
<b>Funds of the academy:</b>			
<b>Restricted funds</b>			
Fixed asset funds	14	74,376,859	3,565,124
General funds	14	(18,899)	(72,853)
Pension reserve	19	(322,000)	(192,000)
<b>Total restricted funds</b>		<u>74,035,960</u>	<u>3,300,271</u>
<b>Unrestricted funds</b>		(167,669)	(180,313)
<b>Total funds</b>	14	<u>73,868,291</u>	<u>3,119,958</u>

The financial statements on pages 30-54 were approved by the trustees and authorised for issue on 19.12.2019 and are signed on their behalf by:

.....  
**Inder Singh Uppal**  
**Chair of Trustees**

Company Limited by Guarantee  
Registration Number 07549443

**The Khalsa Academies Trust Limited**  
**Cash Flow Statement for the year ended 31 August 2019**

	Notes	<b>2019</b> £	<b>Restated</b> <b>2018</b> £
<b>Net cash flows from operating activities</b>	21	187,954	167,699
Cash flows from investing activities	22	(55,442)	(66,896)
<b>Change in cash and cash equivalents in the reporting period</b>	23	<u>132,512</u>	<u>100,803</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Cash and cash equivalents at 1 September 2018		757,626	656,823
<b>Cash and cash equivalents at 31 August 2019</b>	23	<u>890,138</u>	<u>757,626</u>

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019**

**1 Statement of accounting policies**

**General information and basis of preparation**

Khalsa Academies Trust is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 2 of these financial statements. The nature of the academy trusts operations and principal activities are set out in the Trustees' Report on page 4

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

**Basis of Preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the entity and rounded to £.

**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 trust to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Based on the consolidated budget & subsequent updated forecasts for FY 19/20 and the forward looking 3 Year Plan, the Trust is anticipated to generate a satisfactory level of in year operating surpluses going forward which will enable the Trust to build up an acceptable level of cumulative reserves in the forthcoming years to ensure a sustainable financial future for the Trust. Also, as noted in the Financial Review section, steps are continuing to be taken to address the historical unrestricted deficits arising from the provision of catering and transport activities across the schools through additional income generation activities and optimising catering and transport efficiencies.

**Income**

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

**Grants receivable**

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

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

**Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**1. Statement of accounting policies (continued)**

**Grants receivable (continued)**

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

**Donations**

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

**Donated goods, facilities and services**

The value of donated services and gifts in kind provided are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's accounting policies.

**Other income**

Other income is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

**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.

**Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**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. Assets being constructed are included in fixed assets at cost and will be depreciated once the assets come into use.

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 restrictions 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.

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**1 Accounting Policies (continued)**

**Fixed Asset (continued)**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line/reducing balance basis over its expected useful lives, as follows:

Leasehold land	-	125 years
Leasehold buildings	-	50 years
Fixtures, fittings and equipment	-	10 years
ICT equipment	-	5 years
Motor vehicles	-	4 years

**Financial instruments**

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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 13. 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.

**Stocks**

Stocks are valued at the lower of cost and net realisable value.

**Liabilities**

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

**Provisions**

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.



**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**1 Accounting Policies (continued)**

**Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**Leased Assets**

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

**Pensions Benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) and Scottish Widows. The TPS and LGPS are defined benefit schemes. The Scottish Widows scheme is a group personal pension plan.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability 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 scheme contributions are recognised in the period to which they relate.

**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 Education & Skills Funding Agency/Department for Education where the asset acquired or created is held for a specific purpose.

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

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**1. Accounting policies (continued)**  
**Critical accounting estimates and areas of judgement**

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

*Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2 Donations and capital grants**

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2019	Restated Total 2018
	£	£	£	£	£
Capital grants	-	-	425,778	425,778	775,490
Gifts in kind (see note 10)	-	-	71,711,802	71,711,802	-
Donated services	-	-	-	-	35,000
Other donations	33,742	-	-	33,742	77,668
	<u>33,742</u>	<u>-</u>	<u>72,137,580</u>	<u>72,171,322</u>	<u>888,158</u>

Income from donations and capital grants was £71,171,322 (2018 - £888,158) of which £33,742 (2018 - £77,668) was attributable to unrestricted funds, £nil (2018 - £35,000) was attributable to restricted general funds and £72,137,580 (2018 - £775,490) was attributable to restricted fixed asset funds. During the year the properties occupied by the schools were transferred to the Trust and included as a gift in kind.

**3 Investment income**

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
Bank interest	4,062	-	4,062	3,081
	<u>4,062</u>	<u>-</u>	<u>4,062</u>	<u>3,081</u>

The Khalsa Academies Trust Limited  
Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

4 Other Trading Income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Lunch provision	187,167	-	187,167	146,180
Transport	118,313	-	118,313	137,823
Trips	62,448	-	62,448	66,960
Lettings	14,509	-	14,509	-
Other	95,764	-	95,764	51,336
	<u>478,201</u>	<u>-</u>	<u>478,201</u>	<u>402,299</u>

5 Funding for Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
<b>DfE/ESFA revenue grants</b>				
General Annual Grant	-	5,809,882	5,809,882	4,556,196
Post opening grant	-	263,000	263,000	275,500
Other DfE/ESFA grants	-	58,148	58,148	37,875
Local Authority Funding	-	153,183	153,183	5,606
	<u>-</u>	<u>6,284,213</u>	<u>6,284,213</u>	<u>4,875,177</u>

Funding for academy trust's educational operations was £6,284,213 (2018 - £4,875,177) of which all was attributable to restricted general funds (2018 same).

6 Expenditure

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2019 £	Total 2018 £
Expenditure on raising funds	106,119	-	397,242	503,361	484,247
Academy Trust's educational operations					
- Direct costs	4,053,732	1,845,948	431,416	6,331,096	4,205,325
- Allocated support costs	867,252	-	401,756	1,269,008	1,142,453
	<u>4,920,984</u>	<u>1,845,948</u>	<u>833,172</u>	<u>7,600,104</u>	<u>5,347,778</u>
	<u>5,027,103</u>	<u>1,845,948</u>	<u>1,230,414</u>	<u>8,103,465</u>	<u>5,832,025</u>

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**6 Expenditure continued**

All expenditure on raising funds above was attributable to unrestricted funds (2018 same).

£6,170,752 (2018 - £4,723,344) of the above expenditure on the academy trust's educational operations was attributable to restricted general funds and £1,385,352 (2018 - £547,434) was attributable to restricted fixed asset funds.

Net income / expenditure for the year includes:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Operating lease rentals	4,800	17,902
Depreciation	1,385,352	547,434
Fees payable to the auditor for:		
Audit	7,500	6,700
Other services	2,000	2,000

**Charitable activities – educational operations**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>Funds</b>	<b>Funds</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Direct costs</b>	-	6,331,096	6,331,096	4,205,325
<b>Allocated support costs</b>				
Support staff costs	-	867,252	867,252	695,187
Technology costs	-	97,690	97,690	71,239
Other support costs	-	252,544	252,544	323,151
Governance	-	51,522	51,522	52,876
<b>Total</b>	<b>-</b>	<b>7,600,104</b>	<b>7,600,104</b>	<b>5,347,778</b>

**Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**7 Staff Costs**

	2019 £	2018 £
Staff costs during the period were:		
Wages and salaries	3,879,613	2,890,126
Social security costs	364,719	272,643
Pension	490,709	375,373
Operating costs of defined benefit pension schemes	<u>44,000</u>	<u>77,000</u>
	4,779,041	3,651,142
Supply staff	<u>248,062</u>	<u>190,392</u>
<b>Total</b>	<u><b>5,027,103</b></u>	<u><b>3,805,534</b></u>

During the year a non-statutory/non-contractual severance payment of £17,487 (2018 £25,000) was made.

The average number of persons (including senior management team) employed by the Academy Trust during the year, and the full time equivalents, was as follows:

	2019 Number	2018 Number
<b>Charitable Activities</b>		
Teachers	61	45
Administration and support	62	52
Management	<u>7</u>	<u>8</u>
	<u>130</u>	<u>105</u>

**(a) Higher paid staff**

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

	2019 No.	2018 No.
£60,001 - £70,000	4	2
£70,001 - £80,000	0	1
£80,000 - £90,000	0	1
£90,000 - £100,000	1	0
£110,000 - £120,000	0	1
£120,000- £130,000	1	0
	<u>          </u>	<u>          </u>

**(b) Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust during the year (including former senior management team members) was £521,715 (2018: £610,856).

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**c) Central services**

The academy trust 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  
 Minibus insurance services

The trust charges for these services on the following basis:

For 18-19, the trust charged each school based on 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:

	2019 £	2018 £
Atam Academy	88,033	70,700
Khalsa Secondary Academy	166,248	153,935
The Khalsa Academy Wolverhampton	164,442	158,154
	418,723	382,789

**8. Related Party Transactions - Trustees' Remuneration and Expenses**

Staff may serve as Trustees and they may receive their remuneration in their capacity as employees of the Trust, but no remuneration is paid for acting as a Trustee or Member. The CEO received remuneration in his capacity as an employee of the Trust as set out below. The other Trustees did not receive any fees or remuneration for the performance of their role as Trustees but were reimbursed expenses necessarily incurred in that role.

N S KANDOLA (Trustee)  
 Remuneration as CEO £46,406 (2018 £45,000)  
 Employer's pension contribution £4,640 (2018 £4,500)

During the year ended 31 August 2019 £1,093 (2018 £678) of travel and subsistence expenses were reimbursed to two (2018 to two trustee) in their capacity as trustee. Related party transactions involving the trustees are set out in note 20.

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**9. Trustees' and Officers' Insurance**

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 officers indemnity element from the overall cost of the RPA scheme.

**10. Tangible Fixed Assets**

	Leasehold land and buildings £	Assets under construction £	Furniture and Equipment £	Computer Equipment £	Vehicles £	Total £
<b>Cost</b>						
At 1 September 2018	942,132	1,690,674	593,486	1,558,271	32,634	4,817,197
Additions	55,389	-	198,822	222,780	8,291	485,282
Gift in kind from DFE	71,711,805	-	-	-	-	71,711,805
Transfer	1,690,674	(1,690,674)	-	-	-	-
At 31 August 2019	74,400,000	-	792,308	1,781,051	40,925	77,014,284
<b>Depreciation</b>						
At 1 September 2018	418,123	-	156,244	645,071	32,635	1,252,073
Charged in period	877,757	-	186,227	320,889	479	1,385,352
At 31 August 2019	1,295,880	-	342,481	965,960	33,114	2,637,425
<b>Net book values</b>						
At 31 August 2019	73,104,120	-	449,837	815,091	7,811	74,376,859
At 31 September 2018	524,009	1,690,674	437,232	913,209	-	3,565,124

The academy trust's transactions relating to land and buildings include an uplift to reflect the Depreciated Replacement Cost (DRC) valuations received in accordance with the Academies Accounts Direction and have been provided by an independent firm of property surveyors with extensive experience of providing DRC valuations for school estates (Eddisons Real Estate & Business Valuers).

1. Completion of the refurbishment of Pioneer House, the Khalsa Secondary Academy site in Stoke Poges;
2. Completion of the permanent site for The Khalsa Academy Wolverhampton at the former Tarmac Building in Wolverhampton; and
3. Completion of the permanent site for The ATAM Academy in Chadwell Heath, Essex.

All three properties were handed over by the ESFA to the Trust in 2018/19 and 125 years leases are in place for each school (see note 17).

The Khalsa Academies Trust Limited  
Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

11. Stock

	2019 £	2018 £
Books	-	-
	<u>-</u>	<u>-</u>

12. Debtors

	2019 £	Restated 2018 £
Trade debtors	25,362	-
VAT recoverable	75,828	64,288
Other debtors	35,964	20,190
Prepayments and accrued grant income	206,300	355,464
	<u>343,454</u>	<u>439,942</u>

13. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	137,462	320,467
Taxation and social security	97,125	73,105
EFA abatement of GAG	162,622	146,528
Other creditors, accruals and deferred income	1,022,951	910,634
	<u>1,420,160</u>	<u>1,450,734</u>

Deferred Income

	2019 £	2018 £
Deferred income at start of the year	89,435	80,714
Released from previous years	(89,435)	(80,714)
Resources deferred in the year	119,534	89,435
Deferred income at end of year	<u>119,534</u>	<u>89,435</u>

Deferred income represents EFA funding received in advance of the 19/20 academic year.



**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**14. Funds**

	Balance at 1 September 2018 Restated £	Incoming Resources £	Resources Expended £	Gains/(losses) and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual grant	(72,853)	5,809,882	(5,696,421)	(59,507)	(18,899)
Other grants	-	211,331	(211,331)	-	-
Post opening grants	-	263,000	(263,000)	-	-
Pension reserve	(192,000)	-	(44,000)	(86,000)	(322,000)
	<u>(264,853)</u>	<u>6,284,213</u>	<u>(6,214,752)</u>	<u>(145,507)</u>	<u>(340,899)</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	3,565,124	72,137,580	(1,385,352)	59,507	74,376,859
	<u>3,565,124</u>	<u>72,137,580</u>	<u>(1,385,352)</u>	<u>59,507</u>	<u>74,376,859</u>
<b>Total restricted funds</b>	<u>3,300,271</u>	<u>78,421,793</u>	<u>(7,600,104)</u>	<u>(86,000)</u>	<u>74,035,960</u>
<b>Unrestricted funds</b>	(180,313)	516,005	(503,361)	-	(167,669)
<b>Total funds</b>	<u>3,119,958</u>	<u>78,937,798</u>	<u>(8,103,465)</u>	<u>(86,000)</u>	<u>73,868,291</u>

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

Restricted General funds are those which are supplied for a specific duty and the funds spent only in accordance with the agreement or restrictions placed upon them.

Restricted Fixed Asset funds are assets purchased from funds received for that specific purpose.

Unrestricted funds are all other sources of income generated by the Academy to which no restrictions apply regarding the way they are spent.

The Trust is carrying a net deficit of £18,899 on Restricted General. These funds are those which are supplied for a specific duty and the funds spent only in accordance with the agreement or restrictions placed upon them and this reserve is forecasted to return to a cumulative surplus position within the 2019/20 academic year.

Restricted Fixed Asset funds are assets purchased from funds received for that specific purpose and the balance has increased significantly in the year to £74,376,859 due to the inclusion of the DRC Land and Building Valuations on the three schools in the Trust for the first time as the schools were formally handed over from the DFE during 2018/19.

The Trust is carrying a net deficit of £167,669 on Unrestricted funds which relate to all other sources of income generated by the Academy to which no restrictions apply regarding the way they are spent. This deficit is historically due to school transport and catering provision not being fully recovered from pupil generated income during the initial early start up years of the respective schools. The Trust made an In Year Surplus of £12,644 in the year and is expected to continue to increase the annual surplus levels as the schools ramp up catering, lettings and other income in the years ahead which will ensure that the deficit is eliminated within a reasonable timeframe.

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**14. Funds (continued)**

**Prior year adjustment**

Historically, certain school related capital expenditure by the individual schools during the 5 year period from 2013/14 to 2017/18 totalling £330,124 was treated as fixed assets additions by the Trust having been funded from General Reserves rather than from Capital Grant Claims. A transfer from General Reserves to the Restricted Fixed Asset Fund was not reflected in prior year financial statements as required by the Academies Accounts Direction.

Accordingly, within the Statement of Financial Activities (SOFA), the overall Prior Year Adjustment amount of £330,124 has been partially offset by an amount of £73,517 which relates to capital grant income claims made post year end but relating to capital spend in 2017/18 and therefore on an accounting matching principal basis have been adjusted against the overall Prior Year Adjustment amount to give a true and fair view. To correct the position a prior year adjustment of £256,607 has been included in these financial statements to restate the reserves fund balances at 31 August 2018 of which £155,418 relates to KSA (2013-2018), £57,395 relates to TKAW (2015-2018), £39,742 relates to Atam Academy (2015-2018) and £4,052 relates to KAT (2015-2018).

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	<b>2019</b>	<b>Restated</b>
	<b>£</b>	<b>2018</b>
		<b>£</b>
Khalsa Secondary Academy	(94,055)	(142,577)
The Khalsa Academy Wolverhampton	450,182	227,818
Atam Academy	89,438	148,040
Central services	(632,133)	(486,447)
Total before fixed assets and pension reserve	<u>(186,568)</u>	<u>(253,166)</u>
Restricted fixed asset fund	74,376,859	3,565,124
Pension reserve	(322,000)	(192,000)
<b>Total</b>	<u>73,868,291</u>	<u>3,119,958</u>

Khalsa Secondary Academy remains in a cumulative deficit position of £94,055, primarily due to the Prior Year adjustment on General Reserves of £155,418. KSA has generated an In Year Surplus of £48,522 which was below budget mainly due to higher staffing costs, lower pupils in first year of 6<sup>th</sup> Form and higher occupancy costs after the completion of the school building refurbishment program. It is possible that KSA will move to a cumulative surplus position by the end of 2019/20.

The cumulative surplus for Khalsa Academy Wolverhampton has increased significantly during the year by £222,364 to £450,182 due to strong pupil number intakes, lower than budgeted operating costs and prudent financial management.

The cumulative surplus for Atam Academy has decreased during the year by £58,602 to £89,438 due to higher than budgeted staffing costs for Teachers & Educational Support staff, higher occupancy costs in first year of new building as well as the start-up expenditure associated with the new Catering provision and Nursery commencement.

The In Year deficit on Funds for Central MAT Services of £145,686 was considerably lower than the previous year in year deficit of £176,238. The costs of the central MAT function have not historically been fully recovered but as the schools continue to increase pupil numbers towards full capacity over the next 3-5 years, ESFA revenue funding will continue to increase significantly which will ensure that Central MAT Service deficit levels will continue to reduce towards an overall neutral position within the next few years.

The Khalsa Academies Trust Limited  
Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

14. Funds (continued)

Total cost analysis by Academy

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

	Teaching and Educational Support Staff Costs £	Educational Supplies £	Other Costs excluding Depreciation £	Total 2019 £	Total 2018 £
The Khalsa Academy Wolverhampton	1,732,674	196,613	563,375	2,492,662	1,657,400
Khalsa Academy	1,870,469	114,721	306,993	2,292,183	2,159,928
Atam Academy	940,833	92,661	304,433	1,337,927	882,955
Central services	483,127	585	111,629	595,341	584,308
<b>Academy trust</b>	<b>5,027,103</b>	<b>404,580</b>	<b>1,286,430</b>	<b>6,718,113</b>	<b>5,284,591</b>

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

	Balance at 1 September 2017 £	Incoming Resources £	Resources Expended £	Gains/(losses) and transfers £	Restated Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual grant	(3,079)	4,556,196	(4,369,363)	(256,607)	(72,853)
Other grants	-	43,481	(43,481)	-	-
Post opening grants	-	275,500	(275,500)	-	-
Lease rent donation	-	35,000	(35,000)	-	-
Pension reserve	(191,000)	-	(77,000)	76,000	(192,000)
	<u>(194,079)</u>	<u>4,910,177</u>	<u>(4,800,344)</u>	<u>(180,607)</u>	<u>(264,853)</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	3,080,461	775,490	(547,434)	256,607	3,565,124
	<u>3,080,461</u>	<u>775,490</u>	<u>(547,434)</u>	<u>256,607</u>	<u>3,565,124</u>
<b>Total restricted funds</b>	<b>2,886,382</b>	<b>5,685,667</b>	<b>(5,347,778)</b>	<b>76,000</b>	<b>3,300,271</b>
<b>Unrestricted funds</b>	<b>(179,114)</b>	<b>483,048</b>	<b>(484,247)</b>	<b>-</b>	<b>(180,313)</b>
<b>Total funds</b>	<b>2,707,268</b>	<b>6,168,715</b>	<b>(5,832,025)</b>	<b>76,000</b>	<b>3,119,958</b>

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**14. Funds (continued)**

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

	Balance at 1 September 2017 £	Incoming Resources £	Resources Expended £	Gains/(losses) and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual grant	(3,079)	10,366,078	(10,065,784)	(316,114)	(18,899)
Other grants	-	254,812	(254,812)	-	-
Post opening grants	-	538,500	(538,500)	-	-
Lease rent donation	-	35,000	(35,000)	-	-
Pension reserve	(191,000)	-	(121,000)	(10,000)	(322,000)
	<u>(194,079)</u>	<u>11,194,390</u>	<u>(11,015,096)</u>	<u>(326,114)</u>	<u>(340,899)</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	3,080,461	72,913,070	(1,932,786)	316,114	74,376,859
	<u>3,080,461</u>	<u>72,913,070</u>	<u>(1,932,786)</u>	<u>316,114</u>	<u>74,376,859</u>
<b>Total restricted funds</b>	<u>2,886,382</u>	<u>84,107,460</u>	<u>(12,947,882)</u>	<u>(10,000)</u>	<u>74,035,960</u>
<b>Unrestricted funds</b>	<u>(179,114)</u>	<u>999,053</u>	<u>(987,608)</u>	<u>-</u>	<u>(167,669)</u>
<b>Total funds</b>	<u>2,707,268</u>	<u>85,106,513</u>	<u>(13,935,490)</u>	<u>(10,000)</u>	<u>73,868,291</u>

**15. Analysis of net assets between funds**

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds 2019 £	Restricted General Funds 2019 £	Restricted pension reserve 2019 £	Restricted Fixed Asset Funds 2019 £	Total Funds 2019 £	Restated Total Funds 2018 £
Tangible fixed assets	-	-	-	74,376,859	74,376,859	3,565,124
Current assets	-	1,233,592	-	-	1,233,592	1,197,568
Current liabilities	(167,669)	(1,252,491)	-	-	(1,420,160)	(1,450,734)
Pension liability	-	-	(322,000)	-	(322,000)	(192,000)
<b>Total net assets/(liabilities)</b>	<u>(167,669)</u>	<u>(18,899)</u>	<u>(322,000)</u>	<u>74,376,859</u>	<u>73,868,291</u>	<u>3,119,958</u>

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**15. Analysis of net assets between funds (continued)**

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

	Unrestricted Funds 2018 £	Restated Restricted General Funds 2018 £	Restricted pension reserve 2018 £	Restated Restricted Fixed Asset Funds 2018 £	Restated Total Funds 2018 £	Total Funds 2017 £
Tangible fixed assets	-	-	-	3,565,124	3,565,124	3,267,091
Current assets	-	1,197,568	-	-	1,197,568	857,984
Current liabilities	(180,313)	(1,270,421)	-	-	(1,450,734)	(1,226,807)
Pension liability	-	-	(192,000)	-	(192,000)	(191,000)
<b>Total net assets/(liabilities)</b>	<b>(180,313)</b>	<b>(72,853)</b>	<b>(191,000)</b>	<b>3,565,124</b>	<b>3,119,958</b>	<b>2,707,268</b>

**16. Capital commitments**

	2019 £	2018 £
Contracted for, but not provided in the financial statements	nil	nil

**17. Commitments under operating leases**

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	4,800	628
Amounts due between one and five years	4,800	-
Amounts due after five years	-	-
	<u>9,600</u>	<u>628</u>

Land and Buildings Lease arrangements: -

- The Khalsa Secondary Academy building has been leased from the ESFA to the Trust since September 2013 at nil rent under a rolling one year lease. Following the completion of the refurbishment of the site a new 125-year lease has been entered into during the year, again at nil rent.
- The Khalsa Academy Wolverhampton moved to its permanent site in September 2018. A 125-year lease with the ESFA is in place at nil rent.
- Atam Academy also moved to its permanent location in September 2018. A 125-year lease with the EFSA is in place at nil value

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**17. Commitments under operating leases**

- Following the completion of the three school sites valuations have been placed on the land and buildings for inclusion in these financial statements in accordance with the Academies Accounts Directive 2018-2019. See note 10.

**18. 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.

**19. Pension and similar obligations**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Barnett Waddingham. Both are defined-benefit schemes. In addition, a group personal pension arrangement administered by Scottish Widows was introduced during 17/18.

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £49,965 (2018: £41,186) were payable to the schemes at 31 August 2019 and are included within creditors.

**Teachers' Pension Scheme**

***Introduction***

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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation are:

- employer contribution rates would be increased from 16.48% to 23.68% of pensionable pay from 1 September 2019 (inclusive of a 0.08% employer administration charge);

- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218.1 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196.1 billion giving a notional past service deficit of £22.0 billion.

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**19. Pension and similar obligations (continued)**

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

The employer's pension costs paid to TPS in the period amounted to £388,509 (2018: £290,353).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £64,172 (2018 £74,572), of which employer's contributions totalled £47,083 (2018 £55,019) and employees' contributions totalled £17,089 (2018 £19,553). The agreed contribution rates for future years are 20.5% - 22.8% for employers and 5.5% - 9.9% (depending on salary and section) for employees.

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

The Khalsa Academies Trust Limited  
Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

19 Pension and similar obligations (continued)

Principal Actuarial Assumptions – Khalsa Secondary Academy	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.65%	3.8%
Rate of increase for pensions in payment / inflation	2.15%	2.3%
Discount rate for scheme liabilities	1.9%	2.7%

Principal Actuarial Assumptions – The Khalsa Academy Wolverhampton	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.65%	3.8%
Rate of increase for pensions in payment / inflation	2.15%	2.3%
Discount rate for scheme liabilities	1.9%	2.7%

Principal Actuarial Assumptions – Atam Academy	At 31 August 2019	At 31 August 2018
	2.3%	2.3%
Rate of increase in salaries		
Rate of increase for pensions in payment / inflation	2.3%	2.3%
Discount rate for scheme liabilities	1.9%	2.8%

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

Khalsa Secondary Academy:	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.9	24.0
Females	24.8	26.1
<i>Retiring in 20 years</i>		
Males	24.6	26.3
Females	26.7	28.5



**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**19 Pension and similar obligations (continued)**

The Khalsa Academy Wolverhampton :	<b>At 31 August 2019</b>	<b>At 31 August 2018</b>
<i>Retiring today</i>		
Males	20.9	21.9
Females	23.2	24.4
<i>Retiring in 20 years</i>		
Males	22.6	24.1
Females	25.1	26.7
Atam Academy:-	<b>At 31 August 2019</b>	<b>At 31 August 2018</b>
<i>Current pensioners</i>	22.1	22.1
Males	24.3	24.3
Females		
<i>Future pensioners</i>	23.9	23.9
Males	26.3	26.3
Females		

The share of the assets and liabilities in the scheme and the expected rates of return were:

Khalsa Secondary Academy	<b>Fair value at 31 Aug 2019 £000</b>	<b>Fair value at 31 Aug 2018 £000</b>
Equities	91	52
Bonds	24	16
Property	12	9
Gilts	19	15
Cash	85	8
Other	18	29
<b>Total market value of assets</b>	<b>169</b>	<b>129</b>

Actual return on fund assets was £12,000 (2018 £3,000)

The Khalsa Academies Trust Limited  
Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

19 Pension and similar obligations (continued)

The Khalsa Academy Wolverhampton

	Fair value at 31 Aug 2019 £000	Fair value at 31 Aug 2018 £000
Equities	74	59
Gilts	12	7
Bonds	5	4
Property	10	8
Cash	4	4
Other	18	13
<b>Total market value of assets</b>	<b>123</b>	<b>95</b>

Actual return on fund assets was £7,000 (2018 £nil)

Atam Academy– plan assets as a percentage of  
total plan assets

	31 August 2019 %	31 August 2018 %
Equities	70	73
Bonds	22	19
Property	8	8
<b>Total market value of assets</b>	<b>100%</b>	<b>100%</b>

Actual return on fund assets was 6.7%

Combined amounts recognised in the statement of financial position

	2019 £000	2018 £000
Present value of defined benefit obligation	665	454
Fair value of fund assets	(343)	(262)
Net defined benefit liability	<b>322</b>	<b>192</b>

Combined amount recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost (net of employee contributions)	80	129
Net interest cost	4	4
Total operating charge	<b>84</b>	<b>133</b>

The Khalsa Academies Trust Limited  
Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

19 Pension and similar obligations (continued)

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

	2019 £000	2018 £000
<b>At 1 September</b>	454	373
Current service cost	80	129
Interest cost	13	10
Employee contributions	18	20
Change in assumptions	130	(77)
Change in demographic assumptions	(30)	-
Benefits paid	-	(1)
<b>At 31 August</b>	665	454

Movements in the fair value of the share of scheme assets:

	2019 £000	2018 £000
<b>At 1 September</b>	262	182
Interest on assets	8	6
Return on assets less interest	14	(1)
Employer contributions	41	56
Employee contributions	18	20
Benefits paid	-	(1)
<b>At 31 August</b>	343	262

Remeasurement included in the Statement of Financial Activities

	2019 £000	2018 £000
Return on fixed assets in excess of interest	14	(1)
Other actuarial gains / (losses)	-	-
Experience gains / (losses)	-	-
Change in assumptions	(130)	77
<b>At 31 August</b>	(116)	76

**The Khalsa Academies Trust Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

**19 Pension and similar obligations (continued)**  
**Sensitivity analysis – Khalsa Secondary Academy**

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	329	340	351
Projected service cost	53	55	57
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	340	340	340
Projected service cost	55	55	55
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	351	340	329
Projected service cost	57	55	53
Adjustment to life expectancy assumption	+1 year	None	-1 year
Present value of total obligation	352	340	329
Projected service cost	57	55	53

**Sensitivity analysis – The Khalsa Academy Wolverhampton**

	£000	£ 000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	221	229	237
Projected service cost	38	39	40
Adjustment to long term salary increase	0.1%	0.0%	-0.1
Present value of total obligation	229	229	229
Projected service cost	39	39	39
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	237	229	221
Projected service cost	40	39	38
Adjustment to life expectancy assumption	+1 year	None	-1 year
Present value of total obligation	237	229	221
Projected service cost	40	39	38

The Khalsa Academies Trust Limited  
Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

19 Pension and similar obligations (continued)

Sensitivity analysis – Atam Academy

Change in assumptions at 31 August 2019:	Approx % Increase to DB obligation	Approx monetary amount £000
0.5% decrease in real discount rate	16%	16
0.5% increase in salary increase rate	0%	-
0.5% increase in the pension increase rate	16%	15

Scottish Widows Group Personal Plan

The employer's pension costs paid to the Scottish Widows Plan in the period amounted to £55,134 (2018 £30,001).

20 Related Party Transactions

No related party transactions with trustees occurred during the year except those disclosed in note 8.

21 Reconciliation of net income to net cash inflow from operating activities

	2019 £	2018 £
Net income/expenditure for the reporting period (as per the Statement of Financial Activities)	70,748,333	412,690
Adjusted for:		
Depreciation (note 10)	1,385,352	547,434
Assets transferred from DfE	71,711,805	-
FRS 102 pension	130,000	1,000
Capital grants from DfE/ESFA	(425,778)	(775,490)
Interest receivable (note 3)	(4,062)	(3,081)
Decrease/(increase) in stocks	-	17,139
Decrease/(increase) in debtors	96,488	(255,920)
(Decrease)/increase in creditors	(30,574)	223,927
<b>Net cash (used in) provided by operating activities</b>	<b>187,954</b>	<b>167,699</b>

22 Cash flows from investing activities

	2019 £	2018 £
Purchase of tangible fixed assets	(485,282)	(845,467)
Capital grants from DfE/ESFA	425,778	775,490
Interest received	4,062	3,081
<b>Net cash provided by/ (used in) investing activities</b>	<b>(55,442)</b>	<b>(66,896)</b>

The Khalsa Academies Trust Limited  
Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Analysis of cash and cash equivalents

	At 1 September 2018 £	Cash flows £	At 31 August 2019 £
Cash in hand and at bank	<u>757,626</u>	<u>132,512</u>	<u>890,138</u>
	<u>757,626</u>	<u>132,512</u>	<u>890,138</u>