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

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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

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**THE KHALSA ACADEMIES TRUST LIMITED**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

<b>Members</b>	I Anderson T S Rai I S Uppal (resigned 17 May 2021) M S Pangali G Dehal (resigned 31 July 2021) B Mukherjee
<b>Trustees</b>	S Rayatt, Chair of Trustees N S Kandola, (resigned 11 October 2021) M Singh S Jackson D Kulkarni (resigned 3 March 2021) T Bhogal (resigned 29 May 2021) Clive Booth (appointed 18 January 2021 resigned 29 March 2021) Harbhajan Singh Brar (appointed 19 August 2021) Azhar Mahmood (appointed 21 June 2021) Kanwarpreet Singh Dua (appointed 21 June 2021) Amrit Singh Maan (appointed 26 April 2021) Priya Nanda (appointed 10 September 2021) Jasminder Grewal (appointed 10 September 2021)
<b>Company registered number</b>	07549443
<b>Company name</b>	The Khalsa Academies Trust Limited
<b>Principal and registered office</b>	Hollybush Hill Stoke Poges Bucks SL2 4QP
<b>Senior management team</b>	N S Kandola CEO & Accounting Officer (resigned 6 September 2021) S Webb interim CEO & Accounting Officer (appointed 1 September 2021) S Basra, Director of Finance M S Kaley, Director of Projects S Piesse, Executive Headteacher Atam Academy (resigned 30 December 2020) A K Notta, Executive Principal The Khalsa Academy Wolverhampton and Khalsa Secondary Academy(appointed 7 October 2021) Chris Drew, Headteacher Khalsa Secondary Academy (resigned 6 October 2021) David Martin, Executive Headteacher Atam Academy (appointed 1 January 2021)
<b>Independent auditors</b>	Landau Baker Limited Chartered Accountants Statutory Auditor Mountcliff House 154 Brent Street London NW4 2DR

# THE KHALSA ACADEMIES TRUST LIMITED

(A company limited by guarantee)

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their annual report, financial statements and auditors report of the charitable company for the period 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust operates 3 Academies in Stoke Poges, Wolverhampton and Redbridge. Its Academies have a combined pupil capacity of 2,940 and had a roll of 1,831 in the school census on October 2020.

### Structure, Governance, and Management

#### Constitution

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

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

Details of the Trustees who served during the period are included in the Reference and Administrative Details on page 1.

#### Members' Liability

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

#### Trustees' Indemnities

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

#### Method of Recruitment and Appointment or Election of Trustees

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

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

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

#### Organisational Structure

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

KAT has 4 members who hold the trust board to account for the performance of the trust against its charitable objectives.

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

## THE KHALSA ACADEMIES TRUST LIMITED

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### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

#### **Structure, Governance, and Management (continued)**

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

The Local advisory Boards and the headteachers manage the academies on a day to day basis. The Local advisory Board for each Academy is delegated Local governance functions and retains a strong focus on two 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

#### **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.

#### **Objectives and Activities**

##### **Objects and Aims**

Our aim is to provide inclusive outstanding schools based on Sikh values which inspires our students to excel both academically and spiritually and to serve humanity.

As a Trust, our aim is to become the leading provider of mainstream inclusive Sikh schools having an enviable reputation for academic achievement, breadth of enrichment opportunities set within a spiritual and caring environment.

The Trust provides support to local schools in many ways but foremost for education, so it is right that at the heart of what we do is a focus on school improvement, staff development, and enabling our young people to excel. Secondly, the Trust takes responsibility for financial and resource management that delivers efficiency, effectiveness and economies of scale, so that schools can concentrate on what matters: the education and welfare of young people. And thirdly, because all our schools are based on the Sikh ethos, we support schools in the nurturing of the distinctive ethos enshrined in the principle of equality, well-being and success for all 'Sarbat da bhala'.

This principle and our values will ensure that our young people will be poised to make a positive contribution in our multi-cultural Britain.

Our overarching strategic goal is to ensure that all our Schools provide an excellent education in a stimulating learning environment, where students feel safe to explore knowledge and understanding, and aspire to achieve excellence in all that they do. Our aim is for all our schools to be rated as Outstanding and to be grounded in the Sikh values of truth, resilience, courage and service to the community. We are committed to providing a holistic learning experience which will enrich our students' lives and make them enthusiastic participants in improving the world that they live in.

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

##### **Strategic Priority 1 ± Highest Standards of Academic Excellence**

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

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**TRUSTEES' REPORT(CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**Objectives and Activities (continued)**

**Goals:**

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

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

**Goals:**

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

**Strategic Priority 3 ± Safeguarding and Wellbeing**

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

**Goals:**

- Trustees and school leaders ensure that robust policies and procedures are in place following statutory guidance, good practice guidance and legislation and that these are rigorously implemented and embedded in practice by all staff
- Protecting children from harm is central to the culture of our schools and clear systems are in place for safer recruitment, and for referring or reporting to relevant organisations as soon as concerns are identified
- Safeguarding information is communicated, displayed, posted in all appropriate places and proactive awareness raising is underpinned by appropriate and accessible staff training on a continuous basis

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**Objectives and Activities (continued)**

- Enhanced safeguarding risks at certain points of practice and organisational interface are understood, as is the need for safeguarding to be increasingly responsive to the context of our students' lives
- Health and wellbeing are an integral element of the Trust's educational philosophy and vision, and this is recognised in the appointment of a Trustee to champion staff and student wellbeing across the Trust
- The schools provide a holistic education which balances academic achievement with social, physical, emotional and mental wellbeing
- A robust curriculum includes outdoor learning and fosters personal growth, citizenship and sustainable patterns of living

**Strategic Priority 4 ± Strengthen Stakeholder Engagement**

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

**Goals:**

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

**Strategic Priority 5 ± Accountability and Financial Performance**

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

**Goals:**

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

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**Public benefit**

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

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

**Achievements and Performance**

Khalsa Academies Trust commenced operations as a Multi-Academy Trust in January 2015.

**Khalsa Secondary Academy 2021 outcomes**

**Ofsted grading:**

The Khalsa Secondary Academy was graded Inadequate in January 2020. The Regional Schools Commissioner (RSC) has issued the school a Termination Notice. As a result the Khalsa academies trust (KAT) undertook a judicial review of this process but in October 2021 lost that case. Consequently the Regional Schools Commission has confirmed the termination notice by selecting the Sikh Academies Trust (SAT) as the preferred sponsor to take over the Khalsa Secondary Academy from 1 March 2022. The SAT is currently undertaking their due diligence and aim to complete this by 16 December 2021.

**The GCSE in 2021 results for this school were:**

<b>KPIs:</b>	<b>Progress 8</b>	<b>Attainment 8</b>	<b>EngMa 9-5%</b>	<b>EngMa 9-4%</b>	<b>EBacc Ent %</b>	<b>EBacc 9-5%</b>
GCSE	0.46*	52.62	46.8%	83.5%	92.41	29.1%
Local AV						
Nat. Av*	0	46.7	43.2%	63%	40.0	

\*Judged against 2019 exam. National figures for judgement are not produced this year.

	<b>P8</b>	<b>A8</b>
<b>Disadvantaged Pupils</b>		
GCSE	-0.03	43.63
Nat. Av.*	-0.45	36.7
<b>SEND</b>	<b>P8</b>	<b>A8</b>
GCSE	0.76	44.88
Nat. Av.*	-0.62	27.6

\*Judged against 2019 exam

**The A level/ Level 3 results.**

<b>KPIs:</b>	<b>A*/B</b>	<b>A*-E</b>	<b>APS</b>
A level	65.75%	98.63%	37.4
Level 3	23.08%	100%	33.08
Level 2	10%	50%	

- Please note the data above is based on the Teacher assessed grades system due to the pandemic



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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2021**

**Achievements and Performance (continued)**

**The Khalsa Academy Wolverhampton 2021 Outcomes**

**Ofsted grading:**

The Khalsa Academy Wolverhampton (TKAW) was graded Good in its inspection in 2018 and its monitoring visit in 2020.

**The GCSE in 2021 results for this school were:**

<b>KPIs:</b>	<b>Progress 8</b>	<b>Attainment 8</b>	<b>EngMa 9-5%</b>	<b>EngMa 9-4%</b>	<b>EBacc Ent %</b>	<b>EBacc 9-5%</b>
GCSE	+0.91	52.16	56.1%	71.5%	78.9%	40.7
Local Av (2019)	-0.01	49.2	44.5	66.7	34	16
Nat. Av (2019)	-0.03	50.2	49.9	71.2	39.8	21.3

<b>Disadvantaged Pupils</b>	<b>P8</b>	<b>A8</b>
GCSE	0.22	42.69
Nat. Av.	-0.45	40.2
<b>SEND</b>	<b>P8</b>	<b>A8</b>
GCSE	-0.43	26.50
Nat. Av.	-0.62	30.7

**The A level/ Level 3 results.**

<b>KPIs:</b>	<b>A*/B</b>	<b>A*-E</b>	<b>APS</b>
A level	N/A	N/A	N/A
Level 3	N/A	N/A	N/A
Level 2	N/A	N/A	N/A

- Please note the data above is based on the Teacher assessed grades system due to the pandemic

**The ATAM Academy 2021 Outcomes**

**Ofsted grading:**

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

There were no Key Stage 4 or 5 outcomes for this school because the school is yet to have those year groups of pupils. We expect our first GCSE results in 2024.

**Phonics**

<b>Year</b>	<b>National average pass (2019)</b>	<b>Passed</b>	<b>Passed or on track to reach threshold in June</b>	<b>Intervention Required</b>
Year 1	82%	56%	72%	28%
Year 2	91%	73%		27%

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**Achievements and Performance (continued)**

**Reading**

**NGRT Reading Assessments**

Year	At age expected or above (stanine5+)	Above expected (stanine 6+)
3	68%	49%
4	67%	42%
5	73%	54%

**Writing**

Year	% ARE or above	% Below age expected	% at age expected	% above age expected
Reception	65	35	55	10
Year 1	64	26	34	28
Year 2	43	57	40	3
Year 3	60	35	47	13
Year 4	40	60	33	7
Year 5	33	67	24	9
KS2 National Average	78	22	78	20

**Mathematics**

Year	Class	>70%	>50%	< 50%	Year	>70%	>50%	< 50%
Year 5	Keertan	20%	53%	43%	Year 5	35%	60%	38%
	Katha	30%	67%	33%				
Year 4	Nirbhao	10%	30%	70%	Year 4	7%	27%	67%
	Nirvair	3%	24%	69%				
Year 3	Bani	27%	53%	47%	Year 3	19%	35%	67%
	Bana	10%	17%	86%				
Year 2	Dharam	7%	23%	63%	Year 2	9%	26%	63%
	Daya	10%	28%	62%				
Year 1	Simran	23%	53%	47%	Year 1	27%	52%	45%
	Seva	34%	59%	28%				
	Sangat	24%	45%	59%				

**Secondary English**

	Mean SAS	% Below age expected	% at age expected	% above age expected	MEAN SAS Boys	MEAN SAS girls	Mean SAS FSM	Mean SAS SEND
Year 7	98.6	27	52	22	99	98	94.3	79.7 (EHCP 69)
Year 8	101	19	60	23	97.9	104.1	94.3	86.3

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**Achievements and Performance (continued)**

**Secondary Mathematics**

	Mean SAS	% Below age expected	% at age expected	% above age expected	MEAN SAS Boys	MEAN SAS girls	Mean SAS FSM	Mean SAS SEND
Year 7	103.3	11	60	30	103.7	102.6	99.3	86.3 (EHCP 72.5)
Year 8	100.4	18	61	20	99.9	100.9	94.4	86.2

**Going concern**

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

The RSC had in principle decided to transfer Khalsa Secondary Academy, Stoke Poges out of the Trust. The Trust has considered the impact of running with the two existing schools and is assured that it has adequate resources to continue for the foreseeable future.

The impact of Covid-19 on all of our schools has been considerable. This will result in additional unforeseen costs as a result of providing staff agency cover and cleaning. The Trust has built up a reasonable surplus to offset these potential costs during the 2020/21 period.

Due to financial Governance and management, the Trust was issued a Financial Notice to Improve in February 2020. The Trustees have been working closely with the ESFA and have completed most actions required, and are hopeful that the ESFA will review the FNTI shortly.

**Financial Review**

During the period, ESFA/LA/Government grants received totalled to £11,162,340. There was other income of £1,142 included within restricted funds during this period. Restricted fund expenditure totalled to £11,096,585. The Trust has reported an in-year surplus on Restricted General Funds of £66,897, of which a further amount of £49,722 has been utilized to fund additional capital expenditure during the year giving an overall net in year surplus of £17,175.

The main source of unrestricted income is donations, totalling to £6,470, other DfE/ESFA revenue grants totalling £38,956, other trading activities totalling £304,496 and £141 bank interest income. Unrestricted fund expenditure totalled to £411,959 giving an in-year deficit of £61,896 on Unrestricted General Funds.

Most of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12-month period ended 31 August 2021 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

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

The Trust is pleased to report that it has continued to move into a healthier cumulative surplus position of £337,287 on General Reserves (Restricted & Unrestricted), which is a significant step towards ensuring the financial sustainability of the Trust moving forward.

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

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**Financial Review (continued)**

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

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

One of the schools in the Trust, Khalsa Secondary Academy, is in the process of being rebrokered to another Trust and the transfer process is due to complete in Spring 2022. The Trust is in the process of reviewing and restructuring its Central Services provision to the remaining 2 schools in the Trust. This review process is expected to result in cost savings and improved efficiencies which will ensure that the Trust remains financially viable especially given that the 2 remaining schools are filling to PAN on pupil numbers and are projected to generate strong and consistent surpluses per the 3 Year Plan.

**Reserves Policy**

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

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

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

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

Total reserves at the end of the period amounted to £71,118,339. This balance includes a deficit on unrestricted funds (free reserves) of £227,726, which is due to legal fees incurred in 20-21 and historical losses on transport and catering activities, and this deficit will continue to reduce over the next 3 years as both the pupil numbers increase as our schools reach full capacity and the level of lettings income continues to grow over the next few years. The surplus on restricted funds is £71,346,065, which includes restricted fixed asset funds of £71,401,052 and a pension deficit of £620,000.

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the Trust, similar to many other Trusts, recognises a significant pension fund deficit totalling to £620,000. This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted fund this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

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

**Investment Policy**

It should be noted that the Academy Trust has substantial power with regards to investments due to cash balances held. Investment policies are determined at Trust level. This ensures the level of funds the Trust holds can cover any immediate expenditure, without exposing the Academies to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. At 31 August 2021, no investments were held.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**Principal Risks and Uncertainties**

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

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

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

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

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

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit at 31 August 2021. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of Academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

**Fundraising**

The Trust engages in limited fundraising activities throughout the academic year, both for specific projects and to augment the annual education budget. It should be noted that lettings activities recommenced in the summer term 2021 and this will be a significant source of additional income for the Trust in future years.

**Plans for Future Periods**

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

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

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

**Auditor**

Insofar as the Trustees are aware:

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

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



**Shaminder Rayatt**  
**Chair of Trustees**

## THE KHALSA ACADEMIES TRUST LIMITED

(A company limited by guarantee)

### GOVERNANCE STATEMENT

#### Scope of responsibility

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

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Khalsa Academies Trust Limited and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

#### Governance

The information on Governance included here supplements that described in the Trustees' report and in the statement of Trustees' responsibilities. The Board of Trustees has formally met 10 times during the year.

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

Trustee	Meetings attended	Out of a possible
S Rayatt	10	10
M Singh	10	10
S Jackson	9	10
D Kulkarni (resigned 3 March 2021)	4	5
N S Kandola (resigned 11 October 2021)	10	10
T Bhogal (resigned 29 May 2021)	1	5
Clive Booth (appointed 18 January 2021 resigned 29 March 2021)	1	1
Harbhajan Singh Brar (appointed 19 August 2021)	0	0
Azhar Mahmood (appointed 21 June 2021)	0	1
Kanwarpreet Singh Dua (appointed 21 June 2021)	1	1
Amrit Singh Maan (appointed 26 April 2021)	3	3

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

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

Key findings noted, actions taken and their impact are noted below:

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

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

#### Standards Committee

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

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

**GOVERNANCE STATEMENT (CONTINUED)**

**Governance (continued)**

Safeguarding procedures, training, trends, arrangements and audit findings  
Data on attainment and progress for all of the Trust's academies  
School improvement work and leadership and management  
Overall performance of each of the academies against the Ofsted framework  
Standards of Teaching and Learning including CPD  
The Trust quality improvement and intervention strategies and plans  
Special Educational Needs, Disability (SEND) and inclusion  
Disadvantaged pupils

Partnership working, Admissions arrangements, Community engagement.

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

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Susan Jackson (Chair)	5	5
Nick Kandola	5	5
Shaminder Rayatt	5	5

**Remuneration and Nominations 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 considerations for all employees.

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Shaminder Rayatt (Chair)	2	2
Nick Kandola	2	2
Manmeet Singh	2	2
Deepak Kulkarni	1	1

**Personnel Committee**

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Shaminder Rayatt (Chair)	3	3
Nick Kandola	3	3
Deepak Kulkarni	1	1
Manmeet Singh	3	3
Clive Booth	1	1

**Faith and Ethos Committee**

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Nick Kandola (Chair)	2	2
Shaminder Rayatt	2	2
Manmeet Singh	2	2

**THE KHALSA ACADEMIES TRUST LIMITED**  
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**GOVERNANCE STATEMENT (CONTINUED)**

**Governance (continued)**

**Finance, Audit and Risk Committee**

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

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

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

During the year Azhar Mohammed and Amit Mann joined the committee. Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Manmeet Singh (Chair)	6	6
Shaminder Ravatt	6	6
Nick Kandola	6	6
Azhar Mohammed	6	6
Tosh Bhogal	1	4
Amit Mann	1	1
Ian Anderson (member/observer)	6	6

**Review of Value for Money**

As accounting officer the chief executive has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Retendering large contracts which included cleaning
- Ensuring competitive quotes for large purchases were sought
- Using DFE Procurement frameworks such as utility services
- Using DFE Teaching Vacancies to advertise teacher vacancies
- Consolidating suppliers across its schools and using online purchasing portals



## **THE KHALSA ACADEMIES TRUST LIMITED**

**(A company limited by guarantee)**

### **GOVERNANCE STATEMENT (CONTINUED)**

#### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Khalsa Academies Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

#### **The Risk and Control Framework**

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

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

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

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included the Testing of Key Financial Controls as outlined below as well as a separate Trust level Governance review:

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

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

The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.

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

The Board can confirm that the internal auditor has delivered the schedule of work as planned, provided details

**THE KHALSA ACADEMIES TRUST LIMITED**  
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**GOVERNANCE STATEMENT (CONTINUED)**

**The Risk and Control Framework (continued)**

of any material control issues arising as a result of their work. During the current and previous period, there were no material control issues noted and thus no remedial action was required to be taken.

**Review of Effectiveness**

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

- the work of the internal auditor/reviewer;
- the Finance, Audit and Risk Committee
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 17 December 2021 and signed on their behalf by:



**Shaminder Rayatt**  
**Chair of Trustees**



**Simon Webb**  
**Accounting Officer**

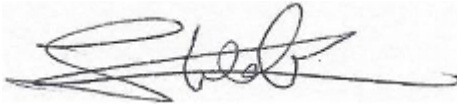
**THE KHALSA ACADEMIES TRUST LIMITED**  
**(A company limited by guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer of The Khalsa Academies Trust Limited I have considered my responsibility to notify the Academy board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy board of trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2020.

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

A handwritten signature in black ink, appearing to read 'S Webb', with a long horizontal flourish extending to the right.

**Simon Webb**  
**Accounting Officer**  
Date: 17 December 2021

**THE KHALSA ACADEMIES TRUST LIMITED**

**(A company limited by guarantee)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2021**

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 17 December 2021 and signed on its behalf by:



**Shaminder Rayatt  
Chair of Trustees**

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

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

**Opinion**

We have audited the financial statements of The Khalsa Academies Trust Limited (the 'academy') for the year ended 31 August 2021 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

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

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

**Other information**

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

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

We have nothing to report in this regard.

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

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

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

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

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

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

**Responsibilities of trustees**

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

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

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

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

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

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

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

**Use of our report**

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

 for Landau Baker Limited

**Michael Durst (Senior statutory auditor)**

for and on behalf of

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditor

Mountcliff House  
154 Brent Street  
London  
NW4 2DR

17 December 2021



## **THE KHALSA ACADEMIES TRUST LIMITED**

**(A company limited by guarantee)**

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

In accordance with the terms of our engagement letter dated 1 July 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Khalsa Academies Trust Limited during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The Khalsa Academies Trust Limited's funding agreement with the Secretary of State for Education dated 25 March 2015 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Landau Baker Limited*

**Reporting Accountant**

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditor

Mountcliff House  
154 Brent Street  
London  
NW4 2DR

Date: 17 December 2021

THE KHALSA ACADEMIES TRUST LIMITED

(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>Income from:</b>						
Donations and capital grants	3	6,470	-	186,914	193,384	222,594
Charitable activities	4	38,956	11,162,340	-	11,201,296	9,358,984
Other trading activities	5	304,496	1,142	-	305,638	355,696
Investments	6	141	-	-	141	784
<b>Total income</b>		<b>350,063</b>	<b>11,163,482</b>	<b>186,914</b>	<b>11,700,459</b>	<b>9,938,058</b>
<b>Expenditure on:</b>						
Raising funds		-	-	-	-	392,775
Charitable activities	8	411,959	11,096,585	1,928,662	13,437,206	10,422,488
<b>Total expenditure</b>		<b>411,959</b>	<b>11,096,585</b>	<b>1,928,662</b>	<b>13,437,206</b>	<b>10,815,263</b>
<b>Net (expenditure)/income</b>		<b>(61,896)</b>	<b>66,897</b>	<b>(1,741,748)</b>	<b>(1,736,747)</b>	<b>(877,205)</b>
Transfers between funds	18	-	(49,722)	49,722	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>(61,896)</b>	<b>17,175</b>	<b>(1,692,026)</b>	<b>(1,736,747)</b>	<b>(877,205)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	24	-	(103,000)	-	(103,000)	(33,000)
<b>Net movement in funds</b>		<b>(61,896)</b>	<b>(85,825)</b>	<b>(1,692,026)</b>	<b>(1,839,747)</b>	<b>(910,205)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		(165,830)	30,838	73,093,078	72,958,086	73,868,291
Net movement in funds		(61,896)	(85,825)	(1,692,026)	(1,839,747)	(910,205)
<b>Total funds carried forward</b>		<b>(227,726)</b>	<b>(54,987)</b>	<b>71,401,052</b>	<b>71,118,339</b>	<b>72,958,086</b>

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

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

THE KHALSA ACADEMIES TRUST LIMITED

(A company limited by guarantee)  
REGISTERED NUMBER: 07549443

BALANCE SHEET  
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	15	71,401,052	73,093,078
		<u>71,401,052</u>	<u>73,093,078</u>
<b>Current assets</b>			
Debtors	16	306,156	390,796
Cash at bank and in hand		959,595	921,657
		<u>1,265,751</u>	<u>1,312,453</u>
Creditors: amounts falling due within one year	17	(928,464)	(1,016,445)
<b>Net current assets / liabilities</b>		<b>337,287</b>	<b>296,008</b>
<b>Total assets less current liabilities</b>		<b>71,738,339</b>	<b>73,389,086</b>
<b>Net assets excluding pension liability</b>		<b>71,738,339</b>	<b>73,389,086</b>
Defined benefit pension scheme liability	24	(620,000)	(431,000)
<b>Total net assets</b>		<b>71,118,339</b>	<b>72,958,086</b>
<b>Funds of the Academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	18	71,401,052	73,093,078
Restricted income funds	18	565,013	461,838
		<u>71,966,065</u>	<u>73,554,916</u>
Restricted funds excluding pension asset	18	71,966,065	73,554,916
Pension reserve	18	(620,000)	(431,000)
<b>Total restricted funds</b>	18	<b>71,346,065</b>	<b>73,123,916</b>
<b>Unrestricted income funds</b>	18	<b>(227,726)</b>	<b>(165,830)</b>
<b>Total funds</b>		<b>71,118,339</b>	<b>72,958,086</b>

The financial statements on pages 25 to 53 were approved by the trustees, and authorised for issue on 17 December 2021 and are signed on their behalf, by:



**Shaminder Rayatt**  
Chair of Trustees

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

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

	<b>Note</b>	<b>2021</b> £	<i>2020</i> £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	<b>87,519</b>	175,333
<b>Cash flows from investing activities</b>			
	21	<b>(49,581)</b>	(143,814)
<b>Change in cash and cash equivalents in the year</b>		<b>37,938</b>	31,519
Cash and cash equivalents at the beginning of the year		<b>921,657</b>	890,138
<b>Cash and cash equivalents at the end of the year</b>	22, 23	<b>959,595</b>	921,657

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

**1.2 Going concern**

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

**1.3 Income**

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

- **Legacies**

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

- **Grants**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**1. Accounting policies (continued)**

**1.3 Income (continued)**

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

- **Donations**

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

**1.4 Expenditure**

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets**

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

**THE KHALSA ACADEMIES TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**1. Accounting policies (continued)**

**1.5 Tangible fixed assets (continued)**

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

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

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

**1.6 Debtors**

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

**1.7 Cash at bank and in hand**

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

**1.8 Liabilities**

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

**1.9 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. 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.



**THE KHALSA ACADEMIES TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**1. Accounting policies (continued)**

**1.10 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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

**1.11 Fund accounting**

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

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

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

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

**THE KHALSA ACADEMIES TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**3. Income from donations and capital grants**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted fixed asset funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Donations	6,470	-	<b>6,470</b>	40,245
Capital Grants	-	186,914	<b>186,914</b>	182,349
	<hr/> 6,470	<hr/> 186,914	<hr/> <b>193,384</b>	<hr/> 222,594
<i>Total 2020</i>	<hr/> <hr/> 40,245	<hr/> <hr/> 182,349	<hr/> <hr/> 222,594	

**THE KHALSA ACADEMIES TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**4. Funding for the Academy's educational activities**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	9,522,008	<b>9,522,008</b>	8,098,510
Other DfE/ESFA grants				
Start up grants	-	147,500	<b>147,500</b>	309,171
Pupil premium	-	420,737	<b>420,737</b>	221,404
Others	38,956	562,793	<b>601,749</b>	554,372
	<u>38,956</u>	<u>10,653,038</u>	<u><b>10,691,994</b></u>	<u>9,183,457</u>
<b>Other Government grants</b>				
Local authority grants	-	184,378	<b>184,378</b>	174,474
	<u>-</u>	<u>184,378</u>	<u><b>184,378</b></u>	<u>174,474</u>
<b>COVID-19 additional funding (DfE/ESFA)</b>				
Catch-up Premium	-	87,520	<b>87,520</b>	-
Other DfE/ESFA COVID-19 funding	-	237,404	<b>237,404</b>	-
	<u>-</u>	<u>324,924</u>	<u><b>324,924</b></u>	<u>-</u>
<b>COVID-19 additional funding (non-DfE/ESFA)</b>				
Coronavirus Job Retention Scheme grant	-	-	-	1,053
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,053</u>
	<u>38,956</u>	<u>11,162,340</u>	<u><b>11,201,296</b></u>	<u>9,358,984</u>
<i>Total 2020</i>	<u>-</u>	<u>9,358,984</u>	<u>9,358,984</u>	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The academy received £87,520 of funding for catch-up premium and costs incurred in respect of this funding totalled £87,520.

**THE KHALSA ACADEMIES TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**5. Income from other trading activities**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Lettings Income	17,422	-	<b>17,422</b>	15,288
Trip Income	14,474	-	<b>14,474</b>	18,789
Other Income	53,621	-	<b>53,621</b>	58,569
Catering Income	132,382	-	<b>132,382</b>	191,179
Transport Income	86,597	-	<b>86,597</b>	71,871
Insurance	-	1,142	<b>1,142</b>	-
	<u>304,496</u>	<u>1,142</u>	<u><b>305,638</b></u>	<u>355,696</u>
<i>Total 2020</i>	<u>353,585</u>	<u>2,111</u>	<u>355,696</u>	

**6. Investment income**

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Bank Interest	141	<b>141</b>	784
	<u>141</u>	<u><b>141</b></u>	<u>784</u>
<i>Total 2020</i>	<u>784</u>	<u>784</u>	

**THE KHALSA ACADEMIES TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**7. Expenditure**

	<b>Staff Costs 2021 £</b>	<b>Premises 2021 £</b>	<b>Other 2021 £</b>	<b>Total 2021 £</b>	<i>Total 2020 £</i>
Expenditure on raising voluntary income:					
Direct costs	-	-	-	-	392,775
Educational Activities:					
Direct costs	7,374,367	1,563,596	1,300,303	<b>10,238,266</b>	8,103,497
Allocated support costs	1,633,445	731,824	833,671	<b>3,198,940</b>	2,318,991
	<u>9,007,812</u>	<u>2,295,420</u>	<u>2,133,974</u>	<u><b>13,437,206</b></u>	<u>10,815,263</u>
<i>Total 2020</i>	<u>6,902,735</u>	<u>1,947,654</u>	<u>1,964,874</u>	<u>10,815,263</u>	

**8. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Educational Activities	411,959	13,025,247	<b>13,437,206</b>	10,422,488
<i>Total 2020</i>	<u>541</u>	<u>10,421,947</u>	<u>10,422,488</u>	

**THE KHALSA ACADEMIES TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**9. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2021 £</b>	<b>Support costs 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Educational Activities	10,238,266	3,198,940	<b>13,437,206</b>	10,422,488
<i>Total 2020</i>	<u>8,103,497</u>	<u>2,318,991</u>	<u>10,422,488</u>	

**Analysis of direct costs**

	<b>Educational Activities 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Staff costs	6,834,212	<b>6,834,212</b>	5,408,078
Depreciation	1,928,662	<b>1,928,662</b>	1,610,728
Educational supplies	198,296	<b>198,296</b>	322,799
Examination fees	79,185	<b>79,185</b>	81,921
Staff development	26,547	<b>26,547</b>	38,495
Educational consultancy	280,925	<b>280,925</b>	178,128
Other direct costs	147,272	<b>147,272</b>	27,148
Recruitment and support	135,810	<b>135,810</b>	136,128
Technology costs	67,202	<b>67,202</b>	39,753
Teaching supply costs	540,155	<b>540,155</b>	260,319
	<u>10,238,266</u>	<u><b>10,238,266</b></u>	<u>8,103,497</u>
<i>Total 2020</i>	<u>8,103,497</u>	<u>8,103,497</u>	

**THE KHALSA ACADEMIES TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**9. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Educational Activities 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Pension finance cost	6,000	<b>6,000</b>	6,000
Staff costs	1,531,248	<b>1,531,248</b>	1,014,426
Non cash pension costs	80,000	<b>80,000</b>	70,000
Maintenance of premises and equipment	189,300	<b>189,300</b>	186,512
Cleaning	215,916	<b>215,916</b>	128,077
Rates	125,339	<b>125,339</b>	179,754
Insurance	47,705	<b>47,705</b>	35,493
Catering	170,833	<b>170,833</b>	49,869
Other support costs	336,671	<b>336,671</b>	301,792
Energy	153,564	<b>153,564</b>	110,474
Governance costs	37,853	<b>37,853</b>	34,108
Technology costs	40,980	<b>40,980</b>	32,290
Other staff costs	6,708	<b>6,708</b>	7,089
Professional services	234,626	<b>234,626</b>	89,836
Support staff supply costs	22,197	<b>22,197</b>	73,271
	<hr/>	<hr/>	<hr/>
	3,198,940	<b>3,198,940</b>	2,318,991
	<hr/>	<hr/>	<hr/>
<i>Total 2020</i>	<hr/>	<hr/>	<hr/>
	2,318,991	<b>2,318,991</b>	

In the current year, the non-cash pension costs have been re-allocated to a separate line within the support costs note 9. This cost used to be included within the staff costs line within this note. In turn, the expenditure note 7 and the staff costs note 11a have both been updated to reflect this change. The prior year figures have also been updated for comparison. This is a better reflection of the actual staff costs incurred by the Academy Trust and enhances the user's understanding of the financial statements.

**THE KHALSA ACADEMIES TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**10. Net (expenditure)/income**

Net (expenditure)/income for the year includes:

	2021 £	2020 £
Operating lease rentals	4,275	8,363
Depreciation of tangible fixed assets	1,928,662	1,610,728
Fees paid to auditors for:		
- audit	10,525	10,525
- other services	1,660	5,175
	1,946,117	1,639,831

**11. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	6,595,766	5,148,134
Social security costs	657,249	483,973
Pension costs	1,112,445	867,038
	8,365,460	6,499,145
Agency staff costs	562,352	333,590
Non cash pension costs	80,000	70,000
	9,007,812	6,902,735

In the current year, the non-cash pension costs have been re-allocated to a separate line within the support costs note 9. This cost used to be included within the staff costs line within this note. In turn, the expenditure note 7 and the staff costs note 11a have both been updated to reflect this change. The prior year figures have also been updated for comparison. This is a better reflection of the actual staff costs incurred by the Academy Trust and enhances the user's understanding of the financial statements.

Staff restructuring costs comprise:

	2021 £	2020 £
Severance payments	-	49,999
	-	49,999



**THE KHALSA ACADEMIES TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**11. Staff (continued)**

**b. Staff numbers**

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

	<b>2021</b>	<i>2020</i>
	<b>No.</b>	<i>No.</i>
Teachers	<b>110</b>	89
Administration and support	<b>87</b>	72
Management	<b>6</b>	6
	<b>203</b>	<i>167</i>
	<b>203</b>	<i>167</i>

**c. Higher paid staff**

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

	<b>2021</b>	<i>2020</i>
	<b>No.</b>	<i>No.</i>
In the band £60,001 - £70,000	<b>7</b>	2
In the band £70,001 - £80,000	<b>3</b>	3
In the band £80,001 - £90,000	<b>3</b>	1
In the band £90,001 - £100,000	<b>1</b>	-
In the band £100,001 - £110,000	<b>-</b>	1
	<b>-</b>	<i>1</i>
	<b>-</b>	<i>1</i>

**d. Key management personnel**

The key management personnel of the Academy comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services, including leavers, to the Academy was £639,843 (2020 £598,331).

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**12. Central services**

The 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 Academy charges for these services on the following basis:

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

The actual amounts charged during the year were as follows:

	2021 £	2020 £
Atam Academy	213,734	155,745
Khalsa Secondary Academy	164,890	218,030
The Khalsa Academy Wolverhampton	449,688	320,216
<b>Total</b>	<b>828,312</b>	<b>693,991</b>

**13. Trustees' remuneration and expenses**

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

	2021 £	2020 £
N S Kandola, Chief Executive and Accounting Officer	85,000 -	75,000 -
	90,000	80,000
Pension contributions paid	5,000 -	5,000 -
	10,000	10,000

During the year ended 31 August 2021, no expenses were reimbursed or paid directly to the trustees (2020 - to 2 trustees) and is broken down as follows:

	2021 £	2020 £
Travel and Subsistence	-	1,286
	-	1,286

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**14. Trustees' and Officers' insurance**

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

**15. Tangible fixed assets**

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 September 2020	74,400,000	897,190	2,003,116	40,925	77,341,231
Additions	22,520	41,676	172,440	-	236,636
At 31 August 2021	<u>74,422,520</u>	<u>938,866</u>	<u>2,175,556</u>	<u>40,925</u>	<u>77,577,867</u>
<b>Depreciation</b>					
At 1 September 2020	2,591,760	403,514	1,216,971	35,908	4,248,153
Charge for the year	1,296,110	267,486	362,994	2,072	1,928,662
At 31 August 2021	<u>3,887,870</u>	<u>671,000</u>	<u>1,579,965</u>	<u>37,980</u>	<u>6,176,815</u>
<b>Net book value</b>					
At 31 August 2021	<u>70,534,650</u>	<u>267,866</u>	<u>595,591</u>	<u>2,945</u>	<u>71,401,052</u>
At 31 August 2020	<u>71,808,240</u>	<u>493,676</u>	<u>786,145</u>	<u>5,017</u>	<u>73,093,078</u>

**16. Debtors**

	2021 £	2020 £
<b>Due within one year</b>		
Trade debtors	13,686	12,429
Other debtors	53,856	225,324
Prepayments and accrued income	238,614	153,043
	<u>306,156</u>	<u>390,796</u>

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**17. Creditors: Amounts falling due within one year**

	<b>2021</b>	<i>2020</i>
	<b>£</b>	<b>£</b>
Trade creditors	<b>237,991</b>	<i>363,643</i>
Other taxation and social security	<b>162,269</b>	<i>134,290</i>
Other creditors	<b>312,449</b>	<i>160,972</i>
Accruals and deferred income	<b>215,755</b>	<i>357,540</i>
	<b>928,464</b>	<i>1,016,445</i>
	<b>2021</b>	<i>2020</i>
	<b>£</b>	<b>£</b>
Deferred income at 1 September 2020	<b>198,794</b>	<i>119,534</i>
Resources deferred during the year	<b>130,012</b>	<i>198,794</i>
Amounts released from previous periods	<b>(198,794)</b>	<i>(119,534)</i>
	<b>130,012</b>	<i>198,794</i>

At the balance sheet date the academy trust was holding funds received in advance for the 2021/22 academic year.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**18. Statement of funds**

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
<b>Unrestricted funds</b>						
General Funds - all funds	(165,830)	350,063	(411,959)	-	-	(227,726)
<b>Restricted general funds</b>						
General Annual Grant (GAG)	461,838	9,522,008	(9,369,111)	(49,722)	-	565,013
Pupil premium	-	420,737	(420,737)	-	-	-
Other ESFA funding	-	562,793	(562,793)	-	-	-
LA and other government funding	-	184,378	(184,378)	-	-	-
Start up grants	-	147,500	(147,500)	-	-	-
Catch-up premium	-	87,520	(87,520)	-	-	-
Other DfE/ESFA Covid-19 funding	-	237,404	(237,404)	-	-	-
General funds	-	1,142	(1,142)	-	-	-
Pension reserve	(431,000)	-	(86,000)	-	(103,000)	(620,000)
	<u>30,838</u>	<u>11,163,482</u>	<u>(11,096,585)</u>	<u>(49,722)</u>	<u>(103,000)</u>	<u>(54,987)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	73,093,078	186,914	(1,928,662)	49,722	-	71,401,052
<b>Total Restricted funds</b>	<u>73,123,916</u>	<u>11,350,396</u>	<u>(13,025,247)</u>	<u>-</u>	<u>(103,000)</u>	<u>71,346,065</u>
<b>Total funds</b>	<u><u>72,958,086</u></u>	<u><u>11,700,459</u></u>	<u><u>(13,437,206)</u></u>	<u><u>-</u></u>	<u><u>(103,000)</u></u>	<u><u>71,118,339</u></u>

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

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

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy. The restricted funds can only be used in terms of

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**18. Statement of funds (continued)**

limitations imposed under the Funding Agreement with the DfE and the terms of any specific grant.

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

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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

	<i>Balance at 1 September 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2020 £</i>
<b>Unrestricted funds</b>						
General Funds - all funds	(167,669)	394,614	(392,775)	-	-	(165,830)
<b>Restricted general funds</b>						
General Annual Grant (GAG)	(18,899)	8,098,510	(7,473,175)	(144,598)	-	461,838
Pupil premium	-	221,404	(221,404)	-	-	-
Other ESFA funding	-	554,372	(554,372)	-	-	-
LA and other government funding	-	174,474	(174,474)	-	-	-
Start up grants	-	309,171	(309,171)	-	-	-
Catch-up premium	-	3,164	(3,164)	-	-	-
Pension reserve	(322,000)	-	(76,000)	-	(33,000)	(431,000)
	(340,899)	9,361,095	(8,811,760)	(144,598)	(33,000)	30,838
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	74,376,859	182,349	(1,610,728)	144,598	-	73,093,078
<b>Total Restricted funds</b>	74,035,960	9,543,444	(10,422,488)	-	(33,000)	73,123,916
<b>Total funds</b>	73,868,291	9,938,058	(10,815,263)	-	(33,000)	72,958,086

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**18. Statement of funds (continued)**

**Total funds analysis by academy**

Fund balances at 31 August 2021 were allocated as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Khalsa Secondary Academy	<b>(665,177)</b>	<i>(355,275)</i>
The Khalsa Academy Wolverhampton	<b>1,741,592</b>	<i>1,159,113</i>
Atam Academy	<b>(107,667)</b>	<i>89,268</i>
Central services	<b>(631,461)</b>	<i>(597,098)</i>
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	<b>337,287</b>	<i>296,008</i>
Restricted fixed asset fund	<b>71,401,052</b>	<i>73,093,078</i>
Pension reserve	<b>(620,000)</b>	<i>(431,000)</i>
	<hr/>	<hr/>
<b>Total</b>	<b>71,118,339</b>	<i>72,958,086</i>
	<hr/> <hr/>	<hr/> <hr/>

The following academies are carrying a net deficit on their portion of the funds as follows:

	<b>Deficit</b>
	<b>£</b>
Khalsa Secondary Academy	<b>(665,177)</b>
Central services	<b>(631,461)</b>
Atam Academy	<b>(107,667)</b>
	<hr/> <hr/>

The Academy is taking the following action to return the academies to surplus:

Khalsa Secondary Academy is planned to be rebrokered to another trust in Spring 2022, therefore no further actions are planned pending transfer out.

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

Atam Academy is budgeted to generate a surplus for FY 21-22 which will return the school to a cumulative surplus position by the end of the academic year 21-22.

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**18. Statement of funds (continued)**

**Total cost analysis by academy**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2021 £	Total 2020 £
Khalsa Secondary Academy	2,336,780	350,575	168,254	770,275	<b>3,625,884</b>	3,353,399
The Khalsa Academy Wolverhampton	2,567,418	445,679	133,273	858,453	<b>4,004,823</b>	3,240,798
Atam Academy	2,363,405	400,629	204,492	854,421	<b>3,822,947</b>	2,604,166
Central services	106,764	436,562	52,387	287,489	<b>883,202</b>	700,163
Consolidation adjustment	-	-	-	(828,312)	<b>(828,312)</b>	(693,991)
	<u>7,374,367</u>	<u>1,633,445</u>	<u>558,406</u>	<u>1,942,326</u>	<u><b>11,508,544</b></u>	<u>9,204,535</u>

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

**Analysis of net assets between funds - current year**

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



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

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Restricted fixed assets funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	-	-	73,093,078	73,093,078
Current assets	(165,830)	1,478,283	-	1,312,453
Creditors due within one year	-	(1,016,445)	-	(1,016,445)
Provisions for liabilities and charges	-	(431,000)	-	(431,000)
<b>Total</b>	<u>(165,830)</u>	<u>30,838</u>	<u>73,093,078</u>	<u>72,958,086</u>

**20. Reconciliation of net expenditure to net cash flow from operating activities**

	<b>2021 £</b>	<b>2020 £</b>
Net expenditure for the year (as per statement of financial activities)	<b>(1,736,747)</b>	(877,205)
<b>Adjustments for:</b>		
Depreciation	<b>1,928,662</b>	1,610,728
Capital grants from DfE/ESFA	<b>(186,914)</b>	(182,349)
Interest receivable	<b>(141)</b>	(784)
Defined benefit pension scheme cost less contributions payable	<b>80,000</b>	70,000
Defined benefit pension scheme finance cost	<b>6,000</b>	6,000
Decrease/(increase) in debtors	<b>84,640</b>	(47,342)
Decrease in creditors	<b>(87,981)</b>	(403,715)
<b>Net cash provided by operating activities</b>	<b>87,519</b>	175,333

**21. Cash flows from investing activities**

	<b>2021 £</b>	<b>2020 £</b>
Dividends, interest and rents from investments	<b>141</b>	784
Purchase of tangible fixed assets	<b>(236,636)</b>	(326,947)
Capital grants from DfE/ESFA	<b>186,914</b>	182,349
<b>Net cash used in investing activities</b>	<b>(49,581)</b>	(143,814)

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**22. Analysis of cash and cash equivalents**

	2021 £	2020 £
Cash in hand and at bank	959,595	921,657
<b>Total cash and cash equivalents</b>	<b>959,595</b>	<b>921,657</b>

**23. Analysis of changes in net debt**

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	921,657	37,938	959,595
	<b>921,657</b>	<b>37,938</b>	<b>959,595</b>

**24. Pension commitments**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 August 2021.

Contributions amounting to £108,519 were payable to the schemes at 31 August 2021 (2020 - £45,773) and are included within creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

#### 24. Pension commitments (continued)

##### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £941,509 (2020 - £731,245).

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

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

##### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £81,000 (2020 - £79,000), of which employer's contributions totalled £62,000 (2020 - £59,000) and employees' contributions totalled £ 19,000 (2020 - £20,000). The agreed contribution rates for future years are 20.5% - 22.8% per cent for employers and 5.5% - 9.9% per cent for employees.

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

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

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**24. Pension commitments (continued)**

**Principal actuarial assumptions**

Buckinghamshire Pension Fund	<b>2021</b>	<i>2020</i>
	%	%
Rate of increase in salaries	<b>3.85</b>	<i>3.20</i>
Rate of increase for pensions in payment/inflation	<b>2.85</b>	<i>2.20</i>
Discount rate for scheme liabilities	<b>1.70</b>	<i>1.65</i>
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The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	<b>2021</b>	<i>2020</i>
	Years	Years
<i>Retiring today</i>		
Males	<b>21.9</b>	<i>21.8</i>
Females	<b>25.2</b>	<i>25.1</i>
<i>Retiring in 20 years</i>		
Males	<b>23.3</b>	<i>23.2</i>
Females	<b>26.6</b>	<i>26.6</i>
	<hr/> <hr/>	<hr/> <hr/>

West Midlands Pension Fund	<b>2021</b>	<i>2020</i>
	%	%
Rate of increase in salaries	<b>3.85</b>	<i>3.20</i>
Rate of increase for pensions in payment/inflation	<b>2.85</b>	<i>2.20</i>
Discount rate for scheme liabilities	<b>1.70</b>	<i>1.65</i>
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2021</b>	<i>2020</i>
	Years	Years
<i>Retiring today</i>		
Males	<b>22.0</b>	<i>21.9</i>
Females	<b>24.2</b>	<i>24.1</i>
<i>Retiring in 20 years</i>		
Males	<b>23.9</b>	<i>23.8</i>
Females	<b>26.1</b>	<i>26.0</i>
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**24. Pension commitments (continued)**

London Borough of Redbridge Pension Fund

	<b>2021</b>	<i>2020</i>
	%	%
Rate of increase in salaries	<b>2.90</b>	2.20
Rate of increase for pensions in payment/inflation	<b>2.90</b>	2.20
Discount rate for scheme liabilities	<b>1.65</b>	1.70
	<b>2.90</b>	2.20

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

	<b>2021</b>	<i>2020</i>
	Years	Years
<i>Retiring today</i>		
Males	<b>21.8</b>	21.6
Females	<b>24.2</b>	23.7
<i>Retiring in 20 years</i>		
Males	<b>23.0</b>	22.5
Females	<b>26.0</b>	25.3
	<b>26.0</b>	25.3

**Share of scheme assets**

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

	<b>2021</b>	<i>2020</i>
	£	£
Equities	<b>366,000</b>	99,000
Gilts	<b>42,000</b>	38,000
Corporate bonds	<b>67,000</b>	41,000
Property	<b>45,000</b>	32,000
Cash and other liquid assets	<b>15,000</b>	18,000
Other	<b>64,000</b>	213,000
<b>Total market value of assets</b>	<b>599,000</b>	441,000

The actual return on scheme assets was £80,000 (*2020 - £28,000*).

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

	<b>2021</b>	<i>2020</i>
	£	£
Current service cost	<b>(142,000)</b>	(127,000)
Interest income	<b>8,000</b>	7,000
Interest cost	<b>(14,000)</b>	(13,000)
<b>Total amount recognised in the Statement of financial activities</b>	<b>(148,000)</b>	(133,000)

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**24. Pension commitments (continued)**

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

	2021 £	2020 £
<b>At 1 September</b>	<b>999,000</b>	<b>665,000</b>
Current service cost	142,000	127,000
Current service cost	142,000	127,000
Interest cost	14,000	13,000
Employee contributions	19,000	21,000
Actuarial losses	183,000	46,000
Benefits paid	(11,000)	-
<b>At 31 August</b>	<b>1,488,000</b>	<b>999,000</b>

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

	2021 £	2020 £
<b>At 1 September</b>	<b>441,000</b>	<b>343,000</b>
Interest income	8,000	7,000
Actuarial gains	80,000	13,000
Employer contributions	62,000	57,000
Employee contributions	19,000	21,000
Benefits paid	(11,000)	-
<b>At 31 August</b>	<b>599,000</b>	<b>441,000</b>

Scottish Widows Group Personal Plan

The employer's pension contributions to this plan in the period amounted to £118,375 (2020 £84,602).

**25. Operating lease commitments**

At 31 August 2021 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	4,275	9,081
Later than 1 year and not later than 5 years	1,425	11,060
	<b>5,700</b>	<b>20,141</b>

**THE KHALSA ACADEMIES TRUST LIMITED**  
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**26. 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.

**27. Related party transactions**

Owing to the nature of the Academy and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period account, other than certain trustees' remuneration and expenses already disclosed in note 13.